2001-2002ನೇ ಸಾಲಿನ ಆಯವ್ಯಯದ ಆಂಗ್ಲ ಭಾಷಾಂತರ

Hon'ble Speaker,

1. I rise to present the Budget for the year 2001-02.

The Budget for 2000-01 was a Budget of new initiatives, new schemes, and new programmes. This Budget is fundamentally a Budget of consolidation, a Budget that builds on what we launched last year.

2. Twelve months ago, while presenting my Government's first budget, I had identified ten major challenges confronting our state. These are:

- First, the eradication of poverty, empowerment of women and provision of food and nutritional security to the vulnerable sections of society;
- Second, the need to set in motion policies and programmes to realise a minimum growth rate of 7-8% per year for the next ten years;
- Third, the strengthening of the foundations of Karnataka's agriculture, horticulture, floriculture, fisheries and animal husbandry;
- Fourth, the importance of sustaining investment in irrigation, command area development and in ensuring fuller utilisation of the irrigation potential being created;
- Fifth, the substantial expansion in infrastructure covering power, roads, water supply and sanitation through increased public and private investments;
- Sixth, a determined assault on social backwardness, particularly through increasing female literacy levels in the laggard districts and expansion of primary health care facilities specially in the poorer regions of the state;
- Seventh, the continuation of a pro-active industrial policy to accelerate growth in a wide array of employment-intensive

industries like engineering, textiles, agro-processing, information technology, biotechnology and pharmaceuticals.

- Eighth, ensuring a transparent, responsible and responsive administration at all levels;
- Ninth, bringing about balanced regional development and triggering growth impulses in all regions of the state; and
- Tenth, reorienting the fiscal system of the state so that the pattern of public expenditure supports the achievement of our pressing socio-economic concerns.

3. These challenges remain. However, as I look back over the past year, there is a sense of satisfaction. I can confidently say that my government has moved forward decisively to tackle each of these ten challenges. Much more requires to be done and will be done. But we have begun solidly. And to demonstrate our commitment to transparency and accountability in administration, for the first time along with this Budget speech, a separate action taken report is being made available. This report shows the status of implementation of every commitment I had made in my first Budget. These ATRs will now be a regular feature of the Budget presentation.

FISCAL RECOVERY

4. Sir, I wish to start this year's budget in a somewhat unusual fashion. Normally, the fiscal segment comes at the end of a Finance Minister's budget speech. However, I have departed from past practice because I believe that without a demonstrably significant improvement in the state's finances, we just will not be able to do anything worthwhile for our farmers, for the weaker sections of society, for the youth, for women and children, and for education and health.

5. Karnataka does not face a financial crisis but its financial position is cause for concern. Unless we take remedial measures now, the position will deteriorate to the detriment of the state's socio-economic development. We are beginning a tough and long

process of fiscal recovery. Quite clearly, a situation in which committed expenditures on interest payments, salaries and pensions account for about 60% of revenue receipts is neither desirable nor sustainable.

6. The fiscal deficit in the Revised Estimates for 2000-01 is Rs. 4148 crores. I am committed to bringing the revenue deficit down to zero by 2004-05 and stabilising the fiscal deficit at 3% of GSDP also by 2004-05. To achieve the above, a Medium-Term Fiscal Plan (MTFP) has been prepared. This contains the details of how fiscal recovery will take place year-wise. Key to fiscal recovery will be how fast we are able to make the power sector in the state commercially viable while protecting the interests of our farmers. A financial restructuring plan for the power sector consistent with the MTFP has been drawn up. This Medium-Term Fiscal Plan and the financial restructuring plan for the power sector will be placed before the legislature in the Budget session.

7. I also intend to bring forward a Fiscal Responsibility Bill in the next session of the Assembly. My government has asked the Bangalore-based Institute of Economic and Social Change to carry out a comprehensive study of all subsidies, implicit and explicit, in the state. Appropriate actions will follow. The government has also constituted an Expenditure Review Committee to enforce budget discipline and improve public expenditure management. This is an area of over-riding importance to me personally.

8. I seek the cooperation of Honourable Members to restructure the state's finances so that we can spend more on agriculture, irrigation, education, health and social security, so that borrowings are only for capital expenditure that yields adequate returns, so that all subsidies and social obligations are made explicit and transparent in the budget and the fiscal deficit is at a sustainable level.

POWER

9. I have already mentioned how crucial reform of the power sector is to the health of the state's finances. We cannot attack

poverty and we simply cannot invest more in social and physical infrastructure if we do not improve the state's fiscal position. And without a fundamental change in the way the power sector is organised, managed and financed today, fiscal improvement will be impossible. My government is committed to universal metering of all customers in the next three years. The state government will meet its financial obligations to the power sector in full. Privatisation of distribution will be accomplished by June 2002.

10. We are increasing power generation capacity through the KPC. The 210 Mw Raichur-7 unit will be commissioned by March 31, 2003. The 290 Mw Almatti Dam powerhouse project will be commissioned by February 2004. The 60 Mw second unit of the Gerusoppa Hydel project will be commissioned by May 31, 2001, the 60 Mw third unit by October 31, 2001 and the 60 Mw fourth unit by March 31, 2002. The 500 Mw coal-based Vijayanagar power project will be taken up on a joint venture basis and work will commence this year. We are also making determined efforts to obtain central government clearance for the 270 Mw Shivasamudram Hydel power project. Honourable Members will be pleased to know that Karnataka is the first state to sign a multi-partite agreement with the IDFC for reforms-linked financing of power projects.

11. We will improve system efficiency and bring down T&D losses by 9% over the next four years. Without this, the power sector cannot be made viable. We will introduce new legislation in the next session of the Assembly to curb theft of power, which would include severe punishment and establishment of special courts to deal with such crimes. KPTCL will invest Rs 910 crores on capital expenditure in 2001-02 and of this Rs 400 crores will be spent on strengthening, refurbishing and upgrading the transmission and distribution system in rural areas. Karnataka is the first state to have received assistance from the Central government under the Accelerated Power Development Programme (APDP), which is recognition of our commitment to power sector reforms. During 2000-01, Rs 293 crores has been allocated and in 2001-02, Rs 400 crores is likely to be

allocated. This programme is focussed on improving the distribution and sub-transmission network particularly in rural areas.

12. The outstanding electricity arrears from the Bhagyajyothi and Kutirjyothi customers is Rs 41.5 crores. Honourable members will be glad to know that as a gesture of our commitment to the welfare of the weaker sections of society, these arrears will be borne by the state government itself. In order to enable deserving families to get power supply under the Kutirjyothi scheme, my government has already modified the scheme by extending one or two poles if a group of five or more beneficiaries are available. 2 lakh beneficiaries will be assisted in 2001-02 under the Bhagyajyothi and Kutirjyothi schemes.

13. My government places the highest priority to improving the quality of power supply to farmers. We always have the interests of farmers uppermost in our minds. That is why, in view of depressed prices of most agricultural commodities prevailing over the past few months, my government decided not to implement the tariff order of the Karnataka Electricity Regulatory Commission relating to IP sets for the time being and absorbed the additional subsidy of Rs 144 crores in the 2000-01 budget. I also want to announce today that a representative of the farmers will be made a member of the Karnataka Electricity Regulatory Commission.

14. The arrears of electricity bills against IP set customers is now around Rs 450 crores, out of which the likely interest portion is about Rs 148 crores. I have directed the KPTCL to formulate a scheme by which all IP set customers who pay the principal amount within four months from April 15, 2001 will have the interest portion of the arrears borne by the state government. This scheme is being notified in the next seven days.

15. In order to hasten the process of energisation of IP sets, I have directed the KPTCL to formulate a *TATKAL* scheme. Those customers who are ready to pay the full cost of energisation or Rs 25,000, whichever is higher will be given power supply immediately

under the scheme. These customers will be metered and they will be charged at a rate of Rs 1.35 per unit subject to an annual minimum of Rs 600 per horsepower per IP set. KPTCL will come out with details of the scheme by March 31, 2001.

16. Honourable Members will be pleased to know that beginning May 1, 2001, uninterrupted, 3-phase supply will be provided to all farmers from 10 pm to 6 am, that is for eight hours, in addition to the power that is being supplied to them presently—let me repeat, uninterrupted, 3-phase supply to farmers from 10 PM to 6 AM from May 1st is our solemn commitment to the ryots of the state.

AGRICULTURE

17. I fully share the concern that Honourable Members have expressed in this House from time to time on the welfare and well being of our farmers. The last year has been a tough year. We have seen collapsing prices of a number of crops. But I am sure Honourable Members will agree with me when I say that the crisis we face is largely a crisis of surplus, a crisis occasioned by excess production. This is a far cry from the times when we faced a crisis arising out of shortages. But a crisis is a crisis as far as the farmer is concerned and we have to respond effectively.

18. In the last twelve months, my government launched procurement and market intervention operations on a massive scale. We have already constituted a revolving market intervention fund of Rs 100 crores with contributions from the APMCs and the state government. My government is for the farmers. Therefore, I am increasing this allocation to Rs.200 crores for a *"Raitha Kalyana Nidhi"*. We will do whatever is necessary to make the market intervention scheme work meaningfully. I am approaching the Government of India to give a matching grant. So, we are starting the *" Raitha Kalyana Nidhi "* with Rs.200 crores immediately and will build it up to Rs.400 crores. I will personally monitor this Nidhi to ensure that it is managed for the benefit of our farmers.

19. As of now, the Karnataka State Food and Civil Supplies Corporation undertakes procurement of foodgrains. I now propose to decentralise procurement operations and make the APMCs responsible for procurement and disposal with the assistance of the KSFCSC.

20. Karnataka is the first state to establish a WTO cell to study the ramifications of trade liberalisation on our agriculture. We have made a number of recommendations to the central government. For example, we have suggested that the Centre introduce an automatic self-triggering import duty mechanism by which import duties would automatically increase when world prices of agricultural commodities crash. This is extremely important in our view because our experience is that the Centre has not taken action in time to protect our farmers from the onslaught of cheap and liberal imports. I have already written to the Prime Minister suggesting that a meeting of CMs be convened to discuss how we can both effectively harness the advantages of and proactively manage the risks of the WTO Agreement on Agriculture.

21. Honourable Members will be pleased to know that the single most important step we are taking for our ryots in this budget relates to the cost of credit. I am suggesting to the cooperative credit institutions giving short-term crop loans to reduce the lending rate by 2% in 2001-02. The cooperative lending institutions can absorb this in their margins. I am confident that the Karnataka State Apex Co-operative Bank will rise to the occasion. I am in constant dialogue with NABARD and commercial banks and in all my meetings with them have been stressing the need to reduce interest rates on both crop and term loans.

22. Watershed development is of special significance to us since Karnataka has the second largest arid zone in the country and less than one-fourth the gross cultivated area is irrigated. The Papagni project in Kolar district to treat 80,000 ha will be launched this year with NDDB assistance. The first phase of a NABARD project to treat 10,000 ha will also commence. The Swiss Development

Corporation has come forward to support a 5000 ha initiative in Bidar, Gulbarga, Bijapur and Koppal districts. But the largest project that we are launching in about three months time is the Rs 600 crores World Bank watershed development project covering 4 lakh hectares in Kolar, Tumkur, Chitradurga, Haveri and Dharwad districts.

23. Our requirement of storage capacity is 25 lakh tonnes as against which the existing storage capacity is 15 lakh tonnes. In 2001-02, an additional storage capacity of 3.5 lakh tonnes with assistance from financial institutions will be created with the state government providing the margin money. Two multi-grain silos with 1 lakh tonne capacity each will be set up in Dharwad and Gulbarga districts with private sector participation.

24. I have received many representations that farmers are suffering on account of the provision of the Karnataka Agricultural Produce Marketing Act, which stipulates the payment of market cess in every market yard. Henceforth, the entire state will be treated as a single market for a particular commodity to ensure that the market fee for it is paid only once within the state for a season. I will be bringing forward amendments to the KAPM Act in the current session of the Assembly itself.

25. Honourable Members are aware that the state government has, for the first time, set up an Agriculture Commission comprising of distinguished agri-scientists. The Commission has given us three valuable reports already on which follow-up action has been taken. We look to the Commission for continued guidance and advice, particularly on how to bridge the yield gaps quickly in the ten agro-climatic regions of the state. My government is committed to infusing a new vitality and momentum to the research and technology transfer activities of the two agricultural universities in the state.

26. The experience of the past year has convinced me that we need an independent, professional and technically qualified State Agricultural Prices Commission. This will recommend standard prices that can be sustained in the market and support prices at which

the state government may intervene in the market. This Commission will start functioning within the next 60 days.

27. Agro-processing has great potential for increasing employment and income for the farmers. Therefore, I propose to proposing to start five agro-processing parks at Chitradurga, Malur, Maddur, Bagalkote and Bijapur.

(ನಂತರ ಮುದ್ರಿತ ಭಾಷಣದಲ್ಲಿಲ್ಲದ ಈ ಕೆಳಕಂಡ ಕಂಡಿಕೆಯನ್ನು 27ನೇ ಕಂಡಿಕೆ ನಂತರ ಮಾನ್ಯ ಮುಖ್ಯಮಂತ್ರಿಗಳು ಓದಿದರು)

ರಾಜ್ಯದ ಉತ್ತರ ಭಾಗದ ಜಿಲ್ಲೆಗಳಲ್ಲಿ ದ್ವಿದಳ ಧಾನ್ಯಗಳನ್ನು ಅತಿ ಹೆಚ್ಚಾಗಿ ಬೆಳೆಯುತ್ತಿದ್ದು ಮಾರುಕಟ್ಟೆಯಲ್ಲಿ ಇವರ ಬೆಲೆಗಳ ಏರಿಳಿತದಿಂದಾಗಿ ರೈತರು ಸಾಕಾದಷ್ಟು ತೊಂದರೆ ಅನುಭವಿಸುತ್ತಿದ್ದಾರೆ. ಈ ನಿಟ್ಟಿನಲ್ಲಿ ಅವರುಗಳ ಕಷ್ಟವನ್ನು ಪರಿಹರಿಸಲು ಹಾಗೂ ದ್ವಿದಳ ಧಾನ್ಯ ಮಾರುಕಟ್ಟೆಯನ್ನು ಸೂಕ್ತ ರೀತಿಯಲ್ಲಿ ನಿರ್ವಹಿಸಲು ದ್ವಿದಳ ಧಾನ್ಯ ಮಂಡಳಿ (ಸ್ಪೈಸಸ್ ಬೋರ್ಡ್) ಸ್ಥಾಪಿಸುವ ಬಗ್ಗೆ ನಾವು ತೀರ್ಮಾನವನ್ನು ತೆಗೆದುಕೊಂಡಿದ್ದೇವೆ.

HORTICULTURE

28. Karnataka has emerged as the second largest producer of fruits and vegetables in the country. To take us forward, I propose to come out with a comprehensive horticulture policy in the next 90 days.

29. Work on the NDDB-assisted fruits and vegetables market at Kannarnangala has commenced and it will be commissioned in eighteen months time. 3 similar projects will be taken up in 2001-02 in Mysore, Hubli-Dharwar and Bijapur.

30. A special scheme for providing drip irrigation facilities to small and marginal farmers and farmers belonging to the weaker sections of society will be launched shortly. Inter cropping with plantation crops will be encouraged.

COOPERATIVES

31. What panchayats are to political democracy, cooperatives are to economic democracy. My government is committed to the democratic, autonomous and professional functioning of cooperatives.

The Karnataka Cooperative Societies Act will be amended soon to reflect this commitment.

32. With the assistance of NABARD, we will initiate steps to improve the financial health of cooperative credit institutions at the state, district and village levels. Unless this is done, cooperatives will not be able to expand lending to their members. Last year, I had said that agricultural credit disbursement by cooperative institutions will be doubled in the next three years with particular focus on bringing small and marginal farmers under the ambit of institutional credit. I am glad to inform the Honourable Members that in 2001-02 itself, agricultural loan advances by cooperative credit institutions will increase by a huge 85% to Rs 1880 crores.

33. DCC banks in the newly created districts will be operational in 2001-02.

34. The Karnataka State Consumer Cooperative Federation will be merged with the Karnataka State Cooperative Marketing Federation. This will create synergy and allow a more effective organisation to emerge.

ANIMAL HUSBANDRY

35. Karnataka is the second largest producer of wool in the country. To further strengthen this position, I propose to corporatise the Karnataka Sheep Development Board.

36. To give a boost to veterinary sciences and technology, I propose to upgrade the existing primary veterinary centers to dispensaries and dispensaries to hospitals in a phased manner. Animal disease investigation laboratories will be established in 20 districts at a total cost of Rs 1 crore in 2001-02 thereby covering the entire state.

37. The NDDB and other institutions have agreed to participate in a programme of vaccination of animals to be taken up in order to create disease free zones in the districts with large animal populations.

38. A modern abattoir will be set up in Bangalore City in 2001-02. We are exploring the possibility of Central assistance for similar projects in the district headquarters.

FISHERIES

39. A fishing harbor for the project oustees of the Central government's Seabird project at Karwar will be constructed at Amadahalli in Uttara Kannada district.

40. The Directorate of Fisheries will be shifted from Bangalore to Mangalore.

HOUSING

41. One of the very first initiatives taken by my government last year was the establishment of the Rajiv Gandhi Rural Housing Corporation. In the five years of the previous government, on average 62,700 houses were built per year for weaker sections of society under various schemes. I am glad to inform the Honourable Members that in 2000-2001, approximately 1.5 lakh houses will have been constructed. In 2001-02, we will build 2 lakh houses. My objective is that during the five years of our government, a total of 10 lakh houses should have been constructed. We are on course to achieve that target.

42. There are about 24 lakh slum dwellers across the state. A new scheme " *Nirmala Jyothi Yojane*" is being launched to benefit about 15 lakh slum dwellers. This project will bring about a major improvement in infrastructure and housing in the slums in 21 cities of the state.

43. The Karnataka Housing Board is taking up a joint venture project to develop a township in 275 acres near Bangalore's Electronics City. Similar joint venture projects with private developers are envisaged in other towns and cities to provide good quality, affordable housing for lower and middle-income groups. The KHB has taken up an ambitious Rs 850 crores project to build 13,500 houses and 15,000 sites in hundred projects in two years time.

PANCHAYAT RAJ

44. Karnataka is recognised as a pioneer in panchayat raj. I acknowledge the great contributions made by earlier governments.

45. We have already appointed the Second State Finance Commission. I would request the Commission to submit its report by December 31, 2001.

46. Our objective is decentralisation, not just devolution. With this in mind, I am proposing a series of measures to further empower grama panchayats.

- First, the annual untied grant of Rs 2 lakhs is being increased to Rs 3.5 lakhs.
- Second, grama panchayats will be given the responsibility of implementing a number of vital development programmes like management of primary schools, village irrigation tanks, anganwadi centers, disbursement of pensions, etc.
- Third, the land revenue rates will be doubled and 50% of the total collection will be transferred to the grama panchayats.
- Fourth, the Karnataka Panchayat Raj Act will be suitably amended to remove the ceiling on rateable value. This will enable grama panchayats to raise adequate revenue from property tax.

47. A new scheme "*Navagrama Yojane*" is being launched to enable grama panchayats to form extensions wherever required. The grama panchayats will be enabled to borrow directly from financial institutions for this purpose.

48. Over 800 villages have already adopted the *Swachcha Grama* scheme of total sanitation that I had unveiled in my previous budget speech. This scheme is the largest sanitation programme in the country and comes closest to realising the dreams of the Father of the Nation. In 2001-02, a total of 1000 villages will have fully

implemented this scheme which will totally transform their living conditions and physical quality of life.

49. The test of any budget is how much it is able to increase the allocations for rural development and panchayat raj. It is with great pride that I inform the Honourable Members that the plan allocation for rural development and panchayat raj will go up by a large 38% to Rs 790 crores in 2001-02. This demonstrates my government's firm commitment to village and rural Karnataka.

WATER SUPPLY

50. For the first time, my government has prepared a detailed strategy paper for rural water supply for the next five years. This strategy paper is being made available to all Honourable Members immediately. Our objective is to ensure the supply of 55 liters per person per day in all villages of the state. I am glad to inform the Honourable Members that 61% of the 56,682 rural habitations of the state are already receiving a supply of 55 liters per person per day. The remaining villages will be covered in the next two years.

51. Karnataka is the only state to complete a comprehensive survey of water quality, involving nearly 2 lakh sources of water to detect excess fluoride and brackishness. A special programme is being taken up at a cost of Rs 15 crores to tackle these two problems.

52. Over-exploitation and excessive deepening of borewells have caused groundwater levels in 72 talukas of the state to dwindle. A programme for the artificial recharge of aquifers in these talukas has been formulated and Rs 18 crores is being set aside in 2001-02 to launch this programme.

53. In the next few months, the Rs 920 crore World Bank-aided rural water supply project will be launched in ten districts in the northern region of the state. Apart from augmenting the supply of water to the 55 lpcd norm, this project will also strengthen the institutional capacity of zilla panchayats and grama panchayats to implement drinking water schemes.

54. With growing urbanisation, we must also tackle the challenges of urban water supply at an accelerated pace. The Karnataka Urban Water Supply and Drainage Board has taken up water supply projects in 27 towns in 2000-01. They have commissioned 19 projects bringing benefits to about 18.5 lakh people. Another 16 towns will be taken up in 2001-02. The Karnataka Urban Infrastructure Development and Finance Corporation has taken up a project financed by the Asian Development Bank that will, among other things, augment water supply in 10 towns and cities of coastal Karnataka. Another project covering 13 towns of northern Karnataka is being negotiated with the World Bank for assistance of Rs. 500 crores.

55. To mitigate the hardships of people in the ten drought-affected districts of Chikmagalur, Chitradurga, Davangere, Kolar, Bellary, Hassan, Mandya, Tumkur, Bangalore rural and Bangalore urban, we will take up a scheme of diversion of 142 tmc of water from west flowing Netravathi river to the east by gravity. This will assure drinking water supply and recharge of groundwater. A sum of Rs 5 crores is being provided in 2001-02 to prepare a detailed project report.

56. Unless realistic water rates are set, billing systems improve and actual collections take place, we will find it difficult to expand urban water supply. I am proposing that while ownership of water supply schemes remain with municipalities, maintenance will be handed over to the KUWS&DB which will impose and collect water rates.

HEALTH, FAMILY WELFARE AND MEDICAL EDUCATION

57. We have already launched *Suraksha Herige*, a scheme to supply sealed disposable delivery kits. This scheme will be expanded in 2001-02. The scheme to supply personal hygiene kits introduced as a pilot scheme in Raichur in October last year will now be further extended to other districts and to urban slums as well.

58. There is a shortage of ANMs in certain parts of the state. In these areas, I am introducing a scheme to involve Anganwadi workers in health-related work more directly, for which an additional honorarium will be provided. A sum of Rs 2 crores is being allocated for this purpose. This would be a step towards a synergistic approach between Health and Women and Child Development programs.

59. Hepatitis B is a disease, which is placing all our health personnel at high risk. I am earmarking a sum of Rs. 1 crore for administering the Hepatitis B vaccine to about 30,000 government health personnel.

60. There is a shortage of doctors in the rural areas. We will introduce a scheme of compulsory rural service for medical students selected for PG courses for one year. They would be paid a monthly honorarium of Rs. 6000 and we plan to draft the services of 500 doctors for this purpose. Details of this scheme will be announced in the next three months.

61. The World Bank assisted Karnataka Health System Development Project covering 200 hospitals with an outlay of Rs.562.41 crores will be completed by March 2002. A new project on integrated health, nutrition and family welfare services is being prepared at an estimated cost of Rs.800 crores. This will establish an integrated primary health care system supported by an efficient referral system. The project will focus on equity and quality in health care, upgradation of PHCs, nutritional aspects, community participation and partnership with NGOs.

62. The Task Force on Health chaired by Padma Shri Dr. H. Sudarshan has submitted its interim report. The overall thrust is to strengthen equity with quality in the Health Care Services. Honourable Members will be happy to know that most of the recommendations of the Task Force have already been implemented. These include filling up of vacant posts of doctors and para-medical staff, supply of essential equipment to 1000 PHCs, enhancement of the budgets of PHCs and completion of 105 hospitals in all respects. Besides,

transparency has been introduced in recruitment and a vigilance cell has been set up to curb indiscipline.

63. In 2001-02, we will introduce a scheme to invite and involve NGOs and the private sector to manage PHCs. Private medical colleges will also be actively encouraged to adopt three PHCs each to begin with.

64. In 2001-02, we will be taking external assistance for equipment to be supplied to colleges worth Rs.100 crores over the next four years. This project is being implemented with the assistance of the Government of Finland.

EDUCATION

65. Honourable Members are aware that my government had set up a Task Force on Education under the chairmanship of one of India's greatest scientists Dr. Raja Ramanna. Many of the proposals that I am now making reflect the recommendations of this task force.

66. Class V will be added to the existing primary schools from the next academic year. A comprehensive programme "*Chinnara Angala*" is being launched to bring 1 lakh dropouts back to school. 15,000 new teachers will be recruited in 2001-02. "*Janamechida Shikshaka*" awards will be introduced to recognise meritorious and dedicated teachers.

67. The grants-in-aid code will be reviewed to enable the state government to deploy more funds for primary education, particularly in the seven districts where female literacy levels are a blot on our conscience. What is the point of emerging as the higher education capital of India and being recognised globally for research when in seven or eight districts, we have literacy indicators that are very low? Last year's budget made a beginning to divert money from subsidised higher education to primary education. A new mechanism will be put in place. Once again, I appeal to the privileged sections of our society to make some sacrifices so that we may bring light into the lives of those more disadvantaged and deprived than us.

68. *Dattu Yojane* has been launched wherein corporate houses and other donors can enter into a MOU with the education department to adopt schools. 1400 government schools have already been adopted under this scheme.

69. Honourable Members will be pleased to know that inspite of the formidable financial constraints we face, we have been able to increase the plan allocation for primary and secondary education from Rs 355 crores in 2000-01 to Rs 448 crores in 2001-02, an increase of about 26%.

70. We have taken up a very important programme to construct 15,838 classrooms, provide toilets to 34, 428 schools and drinking water to 25, 810 primary schools.

71. Honourable Members will be pleased to know that as a first step towards mobilising additional funds for primary education from non-traditional sources, a society called *Sarva Shiksha Abhiyan* has been set up. This society will make a determined effort to raise resources for specific projects particularly from overseas Kannadigas.

SOCIAL WELFARE

72. My government is committed to the E-4 policy for the weaker sections of society—education, employment, empowerment and entrepreneurship. All schemes will be integrated into these four broad areas. I have already spoken about our programmes relating to housing for the weaker sections of society. In addition, we are laying great stress on the Ganga Kalyana Yojana.

73. In 2000-01, the allocation for the special component plan for scheduled castes was Rs 445 crores. Honourable Members will be greatly gratified to know that we are increasing this very substantially to Rs 607 crores, an increase of about 36%. The tribal sub-plan allocation in 2001-02 is Rs 134 crores, as against Rs 90 crores in 2000-01, an increase of 50%. These allocations will conclusively demonstrate my government's deep and abiding concern for and commitment to the economic betterment of scheduled castes and scheduled tribes.

74. A further set of measures will be taken for the welfare of scheduled castes and scheduled tribes. These are the following:

- A Karnataka SC/ST Commission, along the lines of the National SC/ST Commission, will be set up which will report on implementation of social welfare programmes to the legislature every year.
- The entire allocation of the special component plan for scheduled castes and of the tribal sub-plan will be placed at the disposal of the Department of Social Welfare. Modalities will be worked out by the Finance Department within three months.
- Rigorously punitive action will be taken against those misusing caste certificates.
- The Department of Social Welfare will be the nodal point to ensure that SC/ST quotas are fulfilled as per the law.
- The state will pursue with the High Court offering to bear the full costs of mobile and special and exclusive courts for trying SC/ST atrocity cases in the most sensitive districts and work towards a time-bound plan for improving the conviction rate. Steps will be taken to ensure that cases are registered.

75. Honourable Members will be pleased to know that 15,604 beneficiaries of the Scheduled Castes and Tribes, and 6633 beneficiaries of the Backward Classes have been directly assisted by the SC/ST Corporation and the Backward Classes Development Corporation respectively, in 2000-01.

76. Presently, the state government gives Rs 250 per month per child for providing food in the Ashrama/Residential Schools run for SCs/STs, Backward Classes and Minorities. This amount is being enhanced to Rs 350 per month per child. Similarly, the amount spent by the state government on school uniforms for these children is being enhanced from Rs 100 to Rs 200 per year per child.

77. 3000 SCs and 2000 STs will be provided training in various skills including IT by the SC /ST Development Corporation. It is also proposed to impart training to 2000 SC women in the art of Lambani Dress-making, in about 100 Lambani Tandas through the Karnataka Scheduled Castes and Scheduled Tribes Development Corporation to enable them to be self-employed.

78. The Karnataka Residential Educational Institutions Society has taken up construction of 38 Residential School buildings, and all buildings would be completed during the year 2001-2002. In the second phase, the construction of the remaining residential school buildings will be taken up.

79. The Minorities Development Corporation has assisted 7432 beneficiaries over the year. About 2000 candidates will be trained in various skills including IT by the Corporation in 2001-02. I am increasing the allocation for Minorities Development Corporation from Rs. 10 crores to Rs. 14 crores.

80. In 2001-02, construction of five post-matric minority girls' hostel buildings would be taken up at a cost of Rs. 50 lakhs. Five pre-matric girls' hostels will be started for which Rs.25 lakhs is being allocated. Over 500 candidates from among minority groups will be given occupational training at a cost of Rs.20 lakhs during 2001-02.

81. I am increasing the plan allocation for minorities from Rs.12 crores in 2000-01 to Rs.18 crores in 2001-02. The allocation for Wakf will be Rs.10 crores in 2001-02.

82. Honourable Members will be pleased to know that we are going to establish a Madarasa Board. This will help all madarasas in the state to modernise their education curriculum, equip the children with modern skills and enable them to have the benefit of continuing education.

WOMEN AND CHILDREN

83. Honourable Members will be happy to know that through the *Stree Shakti* Scheme, 46, 983 self help groups have already been formed and Rs.5 crore of deposits have been mobilized. 50,000 groups will be formed in 2001-02. I am convinced the scheme will be a success in empowering women.

84. My Government has accorded sanction for the implementation of *Santwana*, a scheme to provide financial assistance to the victims of atrocities against women. The scheme will be implemented in the first phase in Bangalore (Rural), Chikmaglur, Bellary, Gulbarga, Dharwad and Dakshin Kannada.

85. We propose to enhance the quality of supplementary nutrition to children in Anganwadi centers by increasing the per capita nutrition charges from the existing level of Rs.1.25 per day to Rs.1.50. I am providing an additional allocation of Rs.12 crores for this purpose.

WELFARE OF THE DISABLED

86. We have started the Helen Keller Teachers' Training Centre at Mysore to train the teachers of visually handicapped children in collaboration with the National Institute for Visually Handicapped, Dehradun. A similar training institute to train teachers of hearing-impaired children will be started in collaboration with Ali Yavar Jung National Institute for Hearing-Impaired during 2001-02 at Mysore.

87. The United Nations Development Programme (UNDP) project to support children with disabilities has now begun in 10 talukas of 6 districts. My Government has also taken up the National Programme of Rehabilitation of Persons with Disabilities (NPRPT) in 5 districts.

88. A scheme of giving free passes for travel in KSRTC buses to persons with total disabilities will be introduced by July 1st, 2001. About 20,000 such persons will be covered.

INDUSTRY

89. A new Industrial Policy will be announced within two months. The provision of enabling infrastructural facilities and deregulation of the business environment as measures to attract private investment are the thrusts of the policy. Up-gradation of infrastructure in the existing industrial areas and creation of new sector-specific, location-specific industrial parks will receive enhanced attention. This will be achieved through the active participation of the private sector.

90. An Industrial Infrastructure Development Fund, with an initial corpus of Rs.6 crores will be set up. KIADB will be the major infrastructure development institution hereafter and it will be corporatised to facilitate operational freedom.

91. To give a fillip to existing industry we propose to create a Technological Upgradation and Modernization Fund with an initial corpus of Rs.10 crores.

92. The State has come out with a Policy Paper on Restructuring of Public Sector Enterprises. The Public Sector Restructuring Commission will give recommendations on the restructuring measures required for these enterprises. I have provided Rs.100 crores for the VRS requirements. Ten unviable public sector enterprises are proposed to be closed or privatised by March 2002. I will share with Honourable Members all the reports submitted by the Commission.

93. The Small Scale Industry Sector will be thoroughly surveyed to diagnose the degree and extent of sickness prevalent. Existing rehabilitation measures as per IDBI guidelines will be extended to all deserving cases.

94. The predominant position of Karnataka in the Information Technology sector continues. We have taken a number of initiatives in 2000-01 to retain this pre-eminent position. Now I want to consolidate and move forward towards e-governance and bio-informatics. During 2001-02, the Indian Institute of Information

Technology (IIIT) will set up its branch in Hubli. In addition, the incubation centres at Belgaum, Shimoga, Gulbarga, Bellary and Gadag will become operational. We have already taken up the IT Corridor Project for intensive development of infrastructure for the information technology companies. Honourable members are aware that very recently we have unveiled our Millenium Biotechnology Policy where our main focus will be to harness biotechnology to trigger a new EverGreen Revolution in Karnataka's agriculture. In IT and BT, our philosophy is Think Global, Act Local.

TEXTILES

95. Government of India has announced the Deen Dayal Handloom Promotion scheme for the integrated development of weavers. We will provide the matching contribution as the state share for this scheme. KHDC will continue to acquire cloth from weavers' cooperatives and enjoy premier share in the supply of subsidized sarees, dhothis and school uniforms. The proposal for setting up Apparel Parks in Doddaballapur and Bellary with Central assistance is being expedited.

SERICULTURE

96. Karnataka is the silk state of India having produced 8,121 metric tonnes of silk last year thus accounting for 58% of the total production of the country. At present 1.20 lakh hectares is under mulberry cultivation and it provides employment to about 15.60 lakh farmers, reelers and others. The *Reshme Sampathu Yojane* is being proposed for external assistance. We are also giving a boost to new technologies in the field like bivoltine varieties under the catalytic development programme and other joint programmes with the Central Silk Board.

SUGAR

97. There are large stocks in the godowns of sugar factories. I will urge the Government of India to allow immediate sale so that the dues of the sugarcane farmers can be cleared and the financial

position of the factories can improve. To protect the sugar industry from unfair competition the import duty on sugar needs to be increased. I will request Government of India to take a comprehensive look at the sugar industry and adopt measures to give it a level playing field.

98. The Karnataka Sugar Institute has been opened in Belgaum and the Directorate of Sugar has also been shifted to Belgaum.

99. The sugar industry in the state is passing through troubled times. This has adversely affected timely payment of cane dues to farmers. In order to provide a measure of relief to the sugar industry, I propose to reduce the purchase tax on sugarcane by Rs 10 per tonne and the entry tax on sugar from 2% to 1%. The road tax levied on sugarcane is also being reduced from Rs 10 per tonne to Rs 5 per tonne. This will help farmers greatly.

LABOUR

100. Liberalisation is transforming industry and thereby the labour sector. It is necessary to inform the workers about the changing policy environment and the need to adapt and adjust. A counselling service geared to the current need will be started to smoothen the transition. All the ITIs of the State will be strengthened and four new ITIs will be set up with the focus on attracting the youth of weaker sections and minorities. Twenty-two new courses will be introduced in 16 Government Polytechnics, specially targeted at the weaker sections of the society.

FOOD AND CIVIL SUPPLIES

101. My Government is committed to provide food security to the poor and the needy. I am providing Rs.300 crores as food subsidy in 2001-02. My Government has approved the issue of special ration cards –yellow cards- to the BPL families. The State Government will bear additional subsidy and supply the foodgrains to these Yellow Card-holders at a rate of Rs.3.50 per Kg. of rice and Rs.2.75 per Kg. of wheat. The RDPR Department has identified a total of

20.35 lakh BPL families on the basis of its economic survey conducted during the year 1997-98. Action has been initiated to issue yellow cards to these families. In the first stage, the issue of these cards has already been completed in Bellary District. We will fully implement the order eliminating over 8.22 lakh ineligible green cards. We will identify 10 lakh ineligible cards this year for elimination.

102. To ensure that the Public Distribution System becomes more meaningful and reaches the needy, my Government now proposes to amend the PDS Control Order 1992.

103. Under the COMNAP (Common Mans Needs at Affordable Prices) that I had launched last year, a number of items of daily needs of the common man are sold at lower than market prices through COMNAP centres. It is planned to open around 1500 COMNAP centres throughout the state over the next year.

ROADS

104. My government accords the greatest importance to improving connectivity to all villages and providing access to the fields of the farmers. Hence, I am launching a new programme called *"Namma Hola, Namma Raste"*. This will improve the roads leading up to the farm fields on which the prosperity of Karnataka depends. 60% of the funds will be provided by the government and 40% will come from farmers themselves.

105. The Task Force for Road Works has submitted its interim report. Its recommendations like creation of Karnataka State Highways Authority, separation of buildings and road wings of PWD and setting up of an institute to deal with highway engineering, are being acted upon and a Government Order has been issued in this regard.

106. The allocation for the road sector is being increased from Rs. 597 crores in 2000-01 to Rs.790 crores in 2001-02. The Bijapur-Hubli State Highway has been declared as NH-218 by the Central Government, thus increasing the total length of National Highways

in the State from 3537 Kms to 3729 Kms. I am proposing to the Union Government to declare 17 State Highways as National Highways. Honourable Members will be happy to know that the NH-4 and NH-7 totalling 623 Kms in Karnataka have been included in the Golden Quadrilateral. A stretch of 105 Kms from Bangalore to Bagepalli is also included in the North-South Corridor from Jammu to Kanyakumari.

107. All the State Highways totalling 9829 Kms in the State are proposed for maintenance for a period of 3 years under HUDCO loan assistance at a cost of Rs. 250 crores. The programme for the construction of 153 bridges and improvements to 4 State Highways with HUDCO assistance will be completed during this year by Karnataka Road Development Corporation Limited (KRDCL).

108. Under the World Bank assisted Karnataka State Highways Improvement Project (KSHIP), a length of 2269 Kms. at a cost of Rs 2000 crores will be developed and 21 bridges will also be taken up for construction. The work will start by June 2001.

109. The allocation for the NABARD assisted programme of rural roads and bridges for 2001-02 is Rs.146 crores. The Union Government has launched the *Pradhan Mantri Grama Sadak Yojana* under which Karnataka will receive Rs.96 crores for the development of 2000 KMs of rural roads. The non-plan maintenance grants for rural roads have been increased from the present level of Rs. 61 crores to Rs. 80 crores. This concerted effort will greatly improve the infrastructure in the rural areas.

MAJOR AND MINOR IRRIGATION

110. During 2001-02, we will create an irrigation potential of 1,40,000 ha under the Upper Krishna Project and 16,100 ha under KNNL. Though I had proposed to complete Bhadra, Tungabhadra Left Bank Canal, Tungabhadra Right Bank High Level Canal, Taraka, Lower Mullamari & Bennithora Projects in 2000-01, there is some delay. These projects will be completed by December 2001. Approval has been accorded for three new projects—namely, Kalasa Nala

Diversion Scheme, Gandori Nala Diversion Scheme, Handigola Lift Irrigation Scheme and in respect of Singatlur Lift Irrigation Scheme, revised approval to cover an additional 40,000 ha has since been given.

111. 31 lift irrigation schemes in the Cauvery Basin will be completed in 2001-02.

112. About 32% of the state Plan in 2001-02 is for irrigation. Therefore, it is imperative that all irrigation projects, for which we borrow from the market and incur heavy repayment obligations, are completed on time and the potential created is utilised expeditiously.

113. The maintenance of the field channels is being entrusted to the water user societies. These societies will be encouraged to collect users' charges to ensure that a part of the O & M expenditure is met out of the collections. We have already registered 86 water users' co-operative societies and another 1650 societies will be registered in the coming year.

114. Last year, Honourable Members may recall that I had unveiled the *Jala Samavardhane Yojane*, an ambitious and far-reaching programme to rejuvenate and reconstruct tanks all over the state that have existed for a long time. The Jala Samvardhane Yojana Sangha (JSYS), a registered society, has been formed to act as a nodal agency to implement the project. 5000 village tanks will be reconstructed over a period of five years at a cost of Rs 1000 crores. The JSYS in collaboration with some NGOs has initiated community mobilisation in selected talukas.

INFRASTRUCTURE

115. The Infrastructure Development Corporation of Karnataka (IDECK) is operational and will take up a number of infrastructural projects throughout the state utilizing the amounts collected from the Infrastructure Cess. The State Government has entered into a Memorandum of Understanding with Railways and the Rail Infrastructure Company (K-RIDE) has been formed. It will take up

gauge conversion of Sholapur-Gadag and Hassan-Mangalore. A new line will be laid on the Hubli-Ankola sector and Guntakal-Hospet track will be doubled. To start with, I am providing Rs.15 crores as the State Government's equity contribution to KRIDE.

116. The construction of the International Airport at Bangalore is being taken up by a Joint Venture Company formed recently. The selection process for the joint sector partner will be completed by June 30, 2001. KSIIDC has already borrowed Rs.150 crores for acquisition of private land. I am also earmarking Rs.25 crores as state government's initial support. The project is expected to be completed in 30 months from the start. We are transferring a portion of the infrastructure cess to the Bangalore Mass Rapid Transit Limited (BMRTL).

117. In accordance with the decision taken by the Government, the development of Tadri Port will be done by a private investor at a total cost of Rs. 755 crores. The selection process is over and the letter of intent has been issued. The port will be developed on Build, Own, Operate, Share and Transfer (BOOST) basis.

URBAN DEVELOPMENT

118. The rapid pace of urbanisation has created a demand for increased investment in civic services. The financial position of the Urban Local Bodies (ULBs) has deteriorated due to stagnant revenues, rising costs of providing basic services and increased establishment costs. The taxation powers of these local bodies have to be optimally utilized to reduce their dependence on Government. The ULBs will have to concentrate on basic civic and obligatory functions and essential items of capital expenditure. The Self-Assessed Property Tax Scheme has been well received in Bangalore and will be extended to other corporations to help them to improve their resource position.

119. To improve the infrastructure facilities in the limits of urban local bodies we are availing a Rs. 100 crores loan from HUDCO. My Government has launched a comprehensive project with ADB

assistance in the 10 towns of coastal Karnataka comprising capacity building, water supply rehabilitation and expansion, urban environmental improvements, street and bridge Improvements and coastal environmental management. The total cost of the project is Rs.1100 crores.

120. Bangalore is one of the premier cities in the world today. To develop this growing metropolis in a planned manner, the Mega-city Project has been taken up, which aims to bring an overall improvement in the quality of life of citizens of Bangalore by providing infrastructure facilities, modern transport, road safety, slum up-gradation, decongestion of traffic and environmental up-gradation. The stakeholders of Bangalore City Development are implementing the recommendations of Bangalore Agenda Task Force (BATF) and it has started yielding results.

121. As a Mega city, Bangalore requires capital infusions, which the BCC is unable to provide adequately. Hence I propose to create a 'Capital Development Fund' with initial contribution of Rs.50 crores to augment the resources of the BCC. By April 15th 2001, the BCC will enter into a MOU with the state government for future guidance to improve its financial and operational efficiency. The MOU will be the first of its kind in the country and we will extend it to the other five municipal corporations in the state over the year. The KRDCL will be entrusted with the task of taking up Bangalore's infrastructure projects like roads, flyovers, under -passes and over-passes.

122. A master plan for Bangalore Water Supply and Sewerage Board is being prepared with the help of Aid Australia. The focus is on improvement of the delivery of water, and improvements in sewerage and environmental sanitation services to the people in Bangalore, with specific emphasis on urban poor and vulnerable groups. Cauvery Stage-IV will be completed by March 2002. A Rs 43 crore plan for improving the sewage system in Bangalore will be implemented in 2001-002 with assistance from the central government.

123. To fill the efficiency gaps in collection of revenue, regulation of unauthorised connections, operation and maintenance, it is proposed to take up Delegated Management Contract through Private Sector participation in two pilot areas of Bangalore for a period of five years, covering one million population in each identified zone.

124. We are concerned about traffic problems of Bangalore City. To provide additional funds, the fines collected by the police in Bangalore City will be entirely transferred to them for the improvement of traffic management in the city. This is the first time such a scheme has been taken up.

TRANSPORT

125. The scheme of issuing PVC card-driving licenses introduced in the five regional transport offices in Bangalore will be extended to other offices of the state. To provide improved services to citizens and to enhance administrative efficiency a "Citizens Charter" has been circulated to all the Regional Transport Offices. A programme to create awareness about air pollution and to regularly monitor pollution caused by vehicles will be implemented across the state.

126. A fleet of 1945 new buses will be introduced all over the state in 2001-02 at a cost of Rs.180 crores. For some years the KSRTC has not been remitting the Motor Vehicle Tax dues fully. In order to introduce fiscal discipline, the KSRTC will be required to pay its Motor Vehicle Tax dues. The subsidy on account of Government policy will be given from budgetary resources.

REVENUE

127. Following my assurance to this august assembly last year, computerised RTCs are now available at kiosks in 40 talukas across the state. In a few months, the remaining 125 talukas will also be online. This is part of our overall effort to strengthen our farmers. To further assist them, we aim to implement a novel scheme through the Survey, Settlement and Land Records Department, whereby licenses will be issued to private surveyors after thoroughly training them.

128. In certain areas of the state there are shortages of government lands for burial grounds. To solve the problem, I am providing an additional Rs. 3 crores in 2001-02.

129. I propose to computerise 12 sub-registrar offices in Bangalore, Mangalore and Udupi districts. Additional modernisation measures like digital photography of executants and microfilming of instruments will be adopted.

KANNADA AND CULTURE

130. Our progress forward can be that much more rapid if we respect our past and nurture our heritage. The Department of Archives will take necessary action to computerise all historical documents. A museum will be established by the Directorate of Archaeology and Museums in Bijapur. Post graduate courses in sculpture, painting and graphics will be introduced by the Chamarajendra Audio and Visual Authority.

131. On the recommendation of the Kannada Development Authority, my government has decided to reserve a certain proportion of seats in professional courses in colleges and universities for students who have studied in Kannada medium from Standard I to Standard X. As the admission process has already commenced, this scheme would be operational from the academic year 2002-03.

INFORMATION, TOURISM AND YOUTH SERVICES

132. The Right to Information Act has been passed and the Rules will be implemented in the next 90 days.

133. To project a holistic image of our State the Avalokana video magazine is being relayed through Doordarshan every week. A programme called *Karnataka Vahini* was introduced, of which 400 episodes have already been beamed through Doordarshan. Two documentaries on B.V. Karanth and A.N. Moorthy Rao are being produced on 35mm format.

134. Karnataka has great potential for development of the tourism sector. Our state was the first to introduce a tourism policy in 1992

offering a number of incentives and concessions to entrepreneurs. Since the inception of the scheme, 553 tourism projects have come up in the State and the Government has paid subsidy amounting to Rs.18 crores. During the year, 52 new tourism projects have been cleared with a total investment of Rs.1752 crores. We have prepared a comprehensive 20-year perspective plan. The Government of India has come forward to part finance this exercise. There is a need to create a forum for communication between various stakeholders of the industry. I therefore propose to constitute a State Tourism Council. Our aim is to make Karnataka a global destination.

135. The *Yuvachetana* programme meant for personality development of the youth is being carried out through camps. Public contribution will be sought to complete the incomplete stadiums on a priority basis. 100 schools and colleges in the state will be selected for starting sports promotion centres.

FORESTS AND BIODIVERSITY

136. Karnataka is endowed with 38.9 lakh hectares of forest cover, which constitutes more than 20% of its geographical area. Conservation, afforestation and wildlife preservation will continue to be our priorities in this area. The total outlay under plan schemes and externally aided projects will increase from 142 crores in 2000-01 to 187 crores in 2001-02.

137. If the efforts of the State Government are supplemented by the private sector, the land under forest cover can increase rapidly. Honourable Members will be happy to know that the private sector has come forward to assist us in this area. I will launch a *Vana Vikasa Yojane* with an allocation of Rs.3 crores to encourage public-private partnership in the area of afforestation. Many cultural and religious institutions and NGOs will be actively involved in this programme.

138. Karnataka is extraordinarily rich in biodiversity. To ensure conservation and sustainable utilisation of our bio-resources, I am

setting up a Karnataka Biodiversity Board and a Herbal Medicine Authority in the next 90 days.

139. There are restrictions on the growing of sandal wood trees on private lands. I am coming forward in the next 30 days with amendments to the Forest Act to enable total decontrol.

LEGISLATORS AREA DEVELOPMENT FUND

140. I had announced last year that the Legislators Area Development Fund is being seriously considered by the government. Honourable Members will be happy to know that we are now providing Rs.75 crores in 2001-02, which works out to Rs 25 lakhs per MLA and MLC. This will help the legislators in being responsive to the requirements of their constituencies. I must point out here that this amount can be allocated only if we are able to successfully carry out expenditure reforms, eliminate inessential subsidies and reduce the fiscal deficit. I appeal to the Honourable Members to ensure that the expenditure is in priority areas and strictly according to guidelines, which will be issued shortly.

LAW AND ORDER

141. Karnataka has been a peaceful state. The law and order has been satisfactory although there have been some disturbances from time to time. That these disturbances have not destroyed the social fabric in our state reflects the dedication and competence of our police force.

142. The central government has sanctioned Rs.375 crores over a five-year period for the modernization of our police force. By adding the State's contribution, we will provide for increased mobility, effective and sophisticated weapons, improved housing and setting up of forensic laboratories. Five new all-women police stations will be set up.

ADMINISTRATIVE REFORMS

143. I have mentioned in my last Budget Speech that the administrative machinery will be made more accountable. The

Administrative Reforms Commission constituted by me has submitted its interim report. *Inter alia*, it has suggested reduction in the number of departments through mergers, abolition of 5528 posts, provision of an IT plan for each department, creation of single file clearance system, legislation on transfers, reorganization of district administration and revision of the Secretariat Manual. The focus is on enhancing administrative efficiency and strengthening governance. The recommendations of the ARC are being examined by a Cabinet Sub-Committee and action on its detailed recommendations will be taken in the next three to four months.

144. Meanwhile, I am taking the following steps beginning June 30, 2001 to give our administration a new look.

- All Divisional level posts including the post of Divisional Commissioner will be abolished.
- Purchase of new vehicles will be deferred for one year.
- Rule 285 of Karnataka Civil Services Rules will be amended to enable compulsory retirement of government employees before completing 25 years of service. In addition, the Rule will be enforced vigorously to weed out the inefficient and corrupt government officials;
- The Office of the Deputy Commissioner will be further empowered and all regulatory departments at the district level will be brought under his or her direct administrative control.
- A time limit will be fixed for files disposal at all levels. The Secretariat Manual will be amended and a single file system will be introduced between field-level offices and the Secretariat.
- The Department of Institutional Finance will be merged with Finance Department. The Tax collecting departments have not received adequate support. Greater mobility, manpower and better management of information are needed in these departments.

145. Concern has been raised in many quarters that the present system of general transfers is not rule-based and disrupts administrative efficiency. I have decided that there will be no general transfers in 2001-02. Meanwhile, the details of a rule-based, transparent mechanism is being worked out and I will revert to the House shortly.

146. Provident fund is a major instrument for social security in our country. At present, around 40% of our state government employees are covered under this scheme. I am now proposing to make it compulsory for all state government employees and employees of state-aided institutions except Group D employees. The minimum contribution rate will be 4% of the salary. I am confident that state government employees will welcome this step.

REGIONAL DEVELOPMENT

147. Honourable Members are aware that I had set up a committee under the chairmanship of the eminent economist Dr. D.M. Nanjundappa to suggest policies and programmes to redress regional imbalances within the state. The committee's report has been submitted and I am pleased to announce the immediate acceptance of the following recommendations.

- The medical colleges in Hubli and Bellary will be given a complete face-lift. Rs 10 crores has been allocated in 2001-02 for this purpose;
- All preparatory work to facilitate the establishment of a High Court Bench in Hubli-Dharwar will be taken up ;
- To strengthen godowns and cold storages, multi-grain silos with private sector participation will be set up in Dharwar and Gulbarga.
- Two engineering skill fine-tuning institutions attached to existing engineering colleges will be set up in Belgaum and Gulbarga.

148. NABARD has taken up Bagalkote and Bijapur under its District Rural Industrialisation Programme to create 50,000 jobs in the next two years. One additional district will be taken up in 2001-02. NABARD will also support the state government in cluster development programme for artisanal industries at Athani and this programme will be extended to Bellary and Koppal.

149. Honourable members will also be pleased to know that following commitments made in last year's budget, the KBJNL's office has been shifted to Almatti, the KNNL office to Dharwar and the Directorate of Sugar to Belgaum. We will continue in our drive to decentralise government offices to more appropriate locations in the state.

150. My government will also ensure that the special concerns of the Kannadigas in the border areas of the state are reflected in on-going programmes of education, health and housing.

ELEVENTH FINANCE COMMISSION

151. The recommendations of the Eleventh Finance Commission have come as a great disappointment to us. The share of our state in tax devolution has gone down from 5.33% as recommended by the Tenth Finance Commission to 4.93%. This implies a loss of Rs 1200 crores in the five year period. Fiscally prudent and administratively efficient states like Karnataka have been unfairly penalised.

ANNUAL PLAN 2001-02

152. I have enhanced the Annual Plan outlay from Rs.7274 crores in 2000-01 to Rs.8588 crores in 2001-02 which is an increase of 18%. The major sectoral allocations are given in Annexure - I . As I have already mentioned, my priorities are Irrigation, Power, Housing, Rural Development, Social Welfare, Education, Health and Infrastructure.

153. Sir, the entire focus of this Budget is investment: investment in infrastructure like roads and irrigation, in programmes like tank

reconstruction and housing and in industries like agro-processing, textiles and garments, information technology and tourism. It is this investment that will create lakhs of productive employment opportunities for the youth of this state.

154. I now go to the tax proposals.

155. The Hon'ble Members are aware that the Tax Reforms Commission set up by the State to recommend reforms in tax laws has given its interim report. The Commission has proposed a series of reform measures on Sales Tax, Excise, Motor Vehicles and Registration and Stamps. It has also proposed a roadmap for introduction of VAT. I have examined these recommendations and some of them are incorporated in my proposals.

COMMERCIAL TAXES

156. Efforts are on at the national level to reform domestic indirect taxes. The agreements amongst the States in fixing and complying with floor rates in respect of more than 200 commodities and discontinuation of the sales tax related incentives to new industries are the two major steps taken during the last two years by States. The Empowered Committee of Finance Ministers has also recommended reforms in the Central Sales Tax Act and suitable proposals have been made in this behalf to the Government of India.

157. There is a consensus among the States and the Union Territories to introduce VAT from First April 2002. In this direction, a discussion paper has been published on issues relating to VAT and the World Bank has come forward to provide Technical Assistance to the Government for introduction of VAT. In this background, I propose to undertake the following measures to rationalize the tax structure and prepare ground for successful introduction and implementation of VAT:

SELF-ASSESSMENT

158. One of the main features of VAT is self-assessment as against scrutiny assessment. Hence I propose to introduce a self-

assessment scheme under Sales Tax and Entry Tax Acts, for re-sellers without any turnover limit and for manufacturers and processors having a turnover of less than Rs.25 lakhs with minimum conditions, however excluding dealers in specific sensitive commodities, works contractors, oil companies, exporters and reported cases of tax evasion. The Commissioner will be empowered to select 10% of the cases of self-assessment for detailed scrutiny assessment.

ONE-TIME ACCEPTANCE OF RETURNS

159. The VAT requires verification of transactions on a current basis to monitor tax credits, rebating and place a strong audit-trail. This needs substantial time of officers and staff. It is necessary, therefore, that the backlog of pending assessments is not carried forward to the new regime. Hence, I announce a deemed acceptance of returns for all the assessment years upto the year 1999-2000, based on the return filed under sales tax Acts and entry tax Act without any turnover limit for resellers and with a turnover limit of Rs.25 lakhs for manufacturers/ processors subject to the following conditions:

(i) annual returns were filed on or before 30.6.2000.

(ii) no evasion or suppression is reported for the assessment year.

(iii) no claims of tax exemptions or concessions are made as a new industry or as a unit undertaking expansion, modernization or diversification.

(iv) no claim of exemption on exports or deemed exports are made.

(v) the dealer is not a seller of cement (other than second and subsequent sale), Iron and Steel, Liquor, Spirit and Alcohol, and a works contractor.

However out of the above deemed assessed cases, dealers' cases whose last four digits (excluding the check digit) of the KST Registration Number is a multiple of 9 would be taken up for detailed scrutiny assessment.

REBATING OF TAX ON INDUSTRIAL INPUTS

160. Rebate of tax paid on inputs by manufacturers/ re-sellers is another important feature of Value Added Tax. Presently manufacturers are eligible for a lower rate of tax on their inputs if a declaration is issued to the seller. The trade and industry have been requesting for abolition of this declaration. In order to make this an account-based system and prepare all stakeholders towards VAT, I propose to introduce a system of purchasing industrial inputs at the regular rates by manufacturers and allowing re-imbursement of tax paid on inputs in excess of three per cent in case of declared goods and two per cent in case of other goods. Such re-imbursement will be either by way of adjustment towards tax payable in Karnataka Sales Tax and Central Sales Tax by manufacturers on their finished goods or Entry Tax or by way of refund.

EXPORT ORIENTED UNITS/ EXPORT HOUSES

161. During 2000-01 Industrial units exporting finished goods were made eligible for refund of Sales Tax and Entry Tax paid on raw materials and components used in the goods exported. The exporters have benefited from this relief. In addition to continuing this benefit, the same will be extended to the manufacturers of goods who are unable to directly export them but sell them to exporters in the State. This is to make exports from the State more competitive.

KARASAMADHANA SCHEME

162. The Karasamadhana Scheme announced last year to reduce arrears of Sales Tax, Entry Tax and Agricultural Income Tax would be modified to extend the benefit to the tax payers who have not availed it so far. I offer the following schemes:-

(i) in respect of arrears relating to the years upto 31.3.2000,

a) 80% of the interest and penalties payable/ leviable on taxes due would be waived if the full amount of tax and 20% of the interest and penalties are paid on or before 30.4.2001,

b) 50% of the interest and penalties payable/ leviable on taxes due would be waived if the full amount of tax and 50% of the interest and penalties are paid on or before 31.7.2001.

(ii) in respect of arrears relating to the year 2000-01,

75% of the interest and penalties payable/ leviable on taxes due would be waived if the full amount of tax and 25% of the interest and penalties are paid on or before 30.4.2001.

ADMINISTRATIVE REFORMS

163. To equip the department for switch over to VAT, I propose,

(i) to create one more intelligence wing at Bangalore.

(ii) to create an administrative division for Luxury Tax and Entertainment Tax at Bangalore.

(iii) to create a separate division at Bangalore for Small Scale Industries and Exporters.

COMBINED COMPUTERISED CHECK POSTS

164. The present infrastructure available at the Sales Tax Check posts established to prevent and check evasion of tax and also perform the vital role of providing information relating to movement of goods is highly inadequate. Further, several Departments are having independent check posts which hamper the free movement of the vehicles. Hence, I propose to combine check posts of Commercial Taxes, Excise and Transport at the State borders under

one roof to cut down the present repetitive stoppage of goods vehicles. I also propose to upgrade the infrastructure at these check posts by computerizing these check posts.

SALES TAX

RELIEFS AND CONCESSIONS

Reliefs and Concessions to agricultural sector

165. The fall in prices of agricultural commodities this year has caused distress to the agricultural sector and the State's economy. I intend to give tax reliefs on certain selected items.

Hence I propose,

i) to reduce tax on copra, coconut, groundnuts, groundnut seeds, safflower seeds, sunflower seeds and all other oil seeds from 4% to 2% on local and inter-state sales,

ii) to reduce purchase tax on sugarcane by rupees ten per tonne and the road cess by rupees five per tonne,

iii) to exempt turnover tax on second sale of Arecanut,

iv) to reduce tax on agricultural threshers and chaff cutters from 10% to 4%,

v) to reduce tax on inter-state sale of Maize Hydrol and Maize Germs from 4% to 2%.

vi) to reduce tax on seegekai from 10% to 4%.

165a. To protect our farmers and the local sugar industry, I propose to increase the rate of tax on imported sugar to 12%.

Reliefs and Concessions to Small Scale Industries

166. Small Scale Industries Sector has been adversely affected by the process of liberalization and they need support to tide over their present difficult situation. Hence as a measure of relief, I propose to:

i) Exempt turnover tax payable by Small Scale Industries on their turnovers upto twenty-five lakh rupees.

ii) Waive 90% of interest and penalties due from Small Scale Industrial Units who are in arrears of tax and other amounts due for the years upto 31.3.2000 if they pay the full amount of tax and 10% of interest and penalties due on or before 31.5.2001.

167. Though our aim is to maximize revenue collection, we have to facilitate the growth of trade and industry by suitable tax reliefs and concessions wherever necessary. The trade and industry have represented for tax reductions and exemptions. I extend the following reliefs and concessions:

168. I propose to exempt,

a) tax on handmade paper and its products to promote use of these eco-friendly commodities.

b) tax on sale of gold to jewellery exporters by all nominated agencies authorized by Reserve Bank of India under the Import-Export Policy, for a period of one year to encourage setting up of more jewellery making units in the State.

c) tax on medicines used in treatment of AIDS and Cancer as a measure of relief to the patients depending on these expensive medicines.

d) tax on ragi flour retrospectively from 1.4.86 to 31.3.94 as a measure of relief to the trade which has had not paid tax, due to uncertainly of its tax liability during this period.

e) tax on leasing of computer software retrospectively from 1.4.2000 as no tax was intended to be levied on such transactions.

f) turnover tax on earthmoving machineries.

169. I propose to reduce tax on,

(a) Telephones of all kinds and their parts from 12% to 4%.

(b) Firewood and other wood excluding timber from 10% to 4% when purchased by the local plywood and block board manufacturers.

(c) Confectionary, biscuits, cakes and other bakery products to 4% by bakeries upto annual turnover of fifteen lakh rupees.

(d) LPG/ CNG automobile conversion kits to 4%.

Rationalisation Measures

170. Higher tax rates on certain commodities/ transactions as compared to the neighbouring States result in trade diversion and drive bulk consumers to meet their requirement by inter-State purchase availing lower CST rates. In order to attract bulk consumers to our local market, I propose to :

(i) reduce tax on Diesel sold to Indian Railways from 8% to 4%, and retain entry tax at 4%;

(ii) exempt tax on furnace oil sold to foreign bound vessels calling at Mangalore Port so as to make them purchase their requirement in our State; this would net additional revenue by way of entry tax at 4%;

(iii) reduce tax on inter-state sale of Colour Television sets, Gas Tables, Cooking Ranges, Speaker systems and Digital Video Disc Players from 4% to 2% against 'C' forms to ensure their inter-state sales from our State instead of tax exempt stock transfers.

171. I propose to allow dealers in lottery tickets to pay tax under composition scheme, which is simple and easy to administer than the present system of levy of tax on sale turnovers. The details of the composition scheme are furnished in Annexure-II.

172. In order to remove ambiguity, the entries relating to the following commodities would be amended suitably:

(i) sale of food articles by star hotels outside the premises;

(ii) computers which does not contain the presently specified accessories;

(iii) sugar, textiles, tobacco and tobacco products when imported from outside the country; and

(iv) jewellery manufactured out of noble metals other than gold and silver,

173. The benefit of composition of tax will be extended to hoteliers and restaurateurs (excluding star hotels) by removing the turnover limit of one hundred lakh rupees with a uniform rate of 4%. However, hoteliers and restaurateurs who serve liquor in their premises either by themselves or others will not be eligible for this benefit.

Rationalization of tax provisions

174. I propose

i. to amend provisions relating to interest and penalty applicable to default in payment and suppression of advance tax and assessed tax.

ii. to provide for adjustment of part payment of arrears towards interest first.

iii. to provide for registration of transporters and filing of information relating to goods handled by them.

iv to empower the officers to seal and break open transport godowns in case of non-cooperation by the persons incharge.

v. to increase penalties in case of attempted tax evasion in transport of goods.

vi. to revive the post of Deputy Commissioner (Appeals) for speedy disposal of appeals of small dealers.

vii. to withdraw the present provision relating to separate registration and assessment of corporate bodies.

viii. to withdraw the powers of remand of first appellate and revision authorities and also fix reasonable time limit of four months for disposal of appeals in which stay orders have been issued.

ix. to amend the relevant provisions suitably for removing the ambiguities in the revision powers exercised by Additional Commissioner and Commissioner and to remove time limit for completion of revision proceedings by the Commissioner.

x. to provide for compulsory registration of coffee hulling units.

xi. to provide for mandatory simple imprisonment in cases of defaulters having arrears of more than ten lakh rupees.

xii. to prescribe uniform procedure for search of business premises and seizure of incriminating documents, in the rules.

xiii. to suitably amend the relevant rules to restrict grant of single registration to a single premises.

xiv. to extend the time limit for applying for the benefit of composition of tax by contractors to one hundred and twenty days.

xv. to provide for filing common monthly statements and annual returns under Sales Tax and Entry tax.

ADDITIONAL RESOURCE MOBILISATION MEASURES

Increase in tax rates

175. Taking into account the additional resources required for various schemes and developmental programmes to be taken up by our Government and after carefully examining the rates prevalent in the neighbouring states, I propose to increase the rates of tax

on certain commodities. The details of such commodities and the proposed rates are furnished in Annexure-III.

176. I also propose to levy tax on certain commodities and transactions hitherto exempt from tax. The details of such commodities/ transactions are furnished in Annexure-IV.

Review of Notifications

177. Various reliefs and concessions of tax and turnover tax exemptions and reductions have been extended on several commodities and transactions by way of notifications, keeping in view the circumstances prevalent then. I propose to review the same in the present circumstances, continue such reliefs and concessions wherever they are necessary and withdraw others. Further to make the tax rates more transparent many of the tax reductions in the notifications would be included in the tax schedule itself.

ENTRY TAX

Relief

178. I propose to reduce entry tax on sugar from 2% to 1%.

Rationalisation Measures

179. To remove certain doubts in levy of tax on Gutkha, it is proposed to amend the relevant provisions suitably.

180. I propose,

(i) to increase the amount and period in the exercise of powers by the Commissioner to grant instalment facilities for payment of tax arrears.

(ii) to amend the entry relating to raw materials and inputs to remove the present ambiguity in taxing raw materials and inputs used in the manufacture of exempted goods.

Additional Resources Mobilisation Measures

181. I propose to,

(i) increase the rate of tax on textiles from 1% to 2%, except when used as raw materials

(ii) increase the tax on beedies to 2%.

(iii) levy tax on allied packing materials at 2% as applicable to other packing materials.

LUXURY TAX

Rationalisation Measures

182. I propose,

(i) to amend the relevant provisions suitably to define Luxury Tax Officers and their jurisdiction.

(ii) to provide for declaration of normal rates charged for luxuries provided in marriage halls, inspection of their accounts, etc. for effective administration and collection of taxes.

183. To remove doubts in levy of tax on gutkha, it is proposed to amend the relevant entries suitably.

Additional Resource Mobilization Measures

184. I propose to levy tax,

(i) at 2% on silk fabrics.

(ii) at 12% on electronic goods imported from outside the country with a facility to set off the same against the sales tax payable.

ENTERTAINMENT TAX

185. At present no tax is being levied on Kannada, Kodava, Tulu, Konkani and Banjara feature films and tax at 80% is being levied on other feature films. Tax exemption to Kannada feature films

was granted on the hope that the resultant lower admission rates would encourage cine goers to patronize Kannada films and thereby help the industry. However, I am concerned to note that some theatres have not passed on the benefit of exemption to the viewers. It is also noticed that even tax payable on screening of some non-Kannada feature films is evaded in some cases by declaring them as Kannada feature films. I would appeal to the industry not to resort to this. If there is no appreciable change I would initiate a debate as to whether to continue this kind of tax concession.

Relief

186. Recognized sports are subject to tax from 1997. In order to promote sports, I propose to empower the State Government to grant 100% tax exemption on a case to case basis, with retrospective effect from 01-04-2000.

Rationalisation Measures

187. I propose,

(i) to prevent leakage of revenue in entertainment conducted through sponsorship, etc. by suitable amendment.

(ii) to exclude cinema theatres located in Cantonment Board Areas from the benefit of composition of tax to prevent unfair competition posed by them to the theatres located in the surrounding areas.

(iii) to make film distributors to register and furnish periodical returns containing information of films given by them for screening.

(iv) to increase the quantums of penalty to Rs.5000 and Rs.10000.

(v) to curb evasion of tax from entertainment, I propose to make the owners of premises to furnish information regarding entertainments held in their premises and also to make them jointly responsible for payment of entertainment tax due.

Additional Resource Mobilisation Measures

188. I propose,

(i) to increase the composition amount payable by video parlours from the present Rs.2500/- per month to Rs.5000/- per month.

(ii) to increase the composition amount payable by cable T.V.operators. The details of the proposed increased amounts are furnished in Annexure-V.

PROFESSIONS TAX

189. I propose,

(i) to withdraw the exemption extended to civilian non-combatant members of the defence services serving in the State.

(ii) to reduce the number of slabs of salaried persons from the present six to five by clubbing the last two slabs and levy a uniform tax of Rs.200 per month to persons with a monthly salary of Rs.15000 and above.

(iii) to levy tax on certain new professions, the details of such professions and the proposed rates of tax are furnished in Annexure-VI.

AGRICULTURAL INCOME TAX

190. To remove ambiguity in the payment of interest for default in payment of tax, I propose to amend the provision suitably and also propose to fix a uniform rate of interest of two per cent as against the present one and half per cent and two per cent.

191. Consequential Amendments: The above measures necessitate amendments to the provisions of respective tax laws. These amendments together with other amendments for rationalization will be placed before the House for consideration and approval.

EXCISE

192. During the year 1999-00, the collection of excise revenue was Rs. 1230 Crores, an increase of 215 Crores over the year 1998-99. During the year 2000-01 we are determined to collect more than Rs.1500 Crores, an increase of approximately Rs. 300 Crores over last year. This is possible because of strict administration and enforcement of excise laws.

193. We have implemented the merger of Sales Tax on liquor with Excise duty from February 2001. This is expected to yield higher revenues. Thus the Additional Resource Mobilisation measures in Excise are limited to structural changes and rationalization.

194. To control illegal sale and consumption of liquor in un-licensed premises like Dhabas, hotels and other entertainment places, which cause social nuisance and loss of revenue to the Government, it is proposed to treat the sale and consumption of liquor in such un-licensed premises as an offence under the Excise Act attracting penal provisions.

195. In order to streamline exports of liquor and to facilitate timely receipt of excise verification certificates, export will be allowed only on production of bank guarantee or other forms of cash security to the extent of the duty applicable to local sale of liquor under the permits.

196. To check the quality of liquor, it is proposed to establish a chemical laboratory in each liquor manufacturing unit manned by qualified personnel. In order to curb the manufacture and sale of fake and spurious liquor, it is proposed to make it compulsory to affix holograms on the liquor bottles by the manufacturers of liquor from January 2002.

197. The policy in respect of toddy has been re-considered and it is proposed to discontinue the sale of toddy in a phased manner and to start with, the sale of toddy in Gulbarga and Raichur Districts will be discontinued from the excise year 2001-02.

198. The trend now is to discourage consumption of hard liquor. I am proposing a new policy in regard to Beer and Wine. In order to channelise the sale and distribution of beer, a separate class of wholesale and retail licences to sell only beer will be introduced in addition to the existing system. Thirty Wholesale licences to sell only beer will be granted with a license fee of Rs.3 lakhs per annum. Three hundred retail licenses will be granted to sell bottled beer only and not for consumption in the premises. These licences will be granted only to the departmental stores and provision stores having prescribed turn over, and other norms and standards. The licence fee in respect of these shops will be Rs.1 lakh per annum in respect of Bangalore City, Rs. 75,000 in case of district head quarters and Rs.50,000 in case of other places. I also propose to abolish litre fee levied on beer.

199. Similarly in case of Wine, fifty new retail licences will be granted to sell only bottled wine, with an annual licence fee of Rs.15,000. These licences will also be given only to departmental stores and provision stores having the prescribed norms and standards and not for consumption in the premises.

200. In view of the removal of quantitative restrictions on import of liquor by the Government of India, it becomes necessary to create a level playing field for imported liquor from outside the country *vis-à-vis* the domestic production. In this background both from the revenue and enforcement point of view, all the imports of foreign liquors in to the State will be channelised through M/s. MSIL by granting licence to them by levying Rs.10 lakhs per annum. Wholesale licensees and other retail licensees will be allowed to sell foreign liquor on payment of an additional license fee equivalent to 25% of the license fee levied on the licences held by them. A label approval fee of Rs.1 lakh per annum per label will be levied on all imported foreign liquor. Special fee fixed at 66% will continue and changes, if any, will be made after studying the Counter Vailing Duty imposed by Central Government in this regard. In this context, amendment to the Karnataka Excise Act 1965, will be made, if necessary.

201. To rationalise the licence fee levied on Distributor licensees (M/s MSIL), I propose to levy a lump sum licence fee of Rs.75 lakhs per annum irrespective of the number of distilleries they deal with and the number of depots they establish in the State.

202. To reduce the disparity between the licence fee and Additional Excise Duty levied on IML and Fenny, I propose to increase the licence fee and Additional Excise Duty on Fenny as shown in Annexure-VII.

203. To rationalise the licence fee levied on clubs (without lodging facility) (CL-4) the licence fee is increased from the existing Rs.60,000/- to Rs.1 lakh per annum. Similarly, the licence fee levied on hotels run by ITDC & KSTDC is increased from Rs.8,000/- to Rs.24,000/- per annum.

204. I propose to increase the label approval fees and excise duty levied on liquors supplied to defence and the fee levied on Rectified Spirit as given in Annexure-VII. It is also clarified that no issue fee will be levied on the rectified spirit issued for the manufacture of neutral spirit in the same distillery.

REGISTRATION AND STAMPS

205. I propose the following changes in the Karnataka Stamp Act 1957.

206. Stamp duty on Acknowledgement of debt is being levied on ad-valorem basis at a rate of 0.2%. As decided in the state level bankers committee meeting, it is proposed to fix the maximum stamp duty at Rs. 1000/- (Rupees one thousand only) to minimize tax burden on debtor.

207. Stamp duty on "Agreements giving authority or power to a promoter or developer, at present is 4% with a cap of Rs. 4 lakhs. It is proposed to levy the duty at 5% without a setoff or cap.

208. Stamp duty on "Agreements relating to Deposit of Title Deeds (Equitable mortgages)" is being levied on ad-valorem basis

at a rate of 1% on the loan amount. It is proposed to fix a ceiling limit to the duty at Rs. 50,000/- (Rupees fifty thousand) and reduce the registration fee to 0.5% subject to a maximum of Rs. 10,000/- (Rupees ten thousand); to stream line credit facility and also to encourage more registrations of these optionally registerable documents.

209. Stamp duty on Articles of Associations of a company is Rs. 1,000 for every Rs. 5 lakhs at present. It is proposed to reduce the rate to Rs. 500 for every Rs. 10 lakhs in order to encourage registration of companies in the State.

210. It is proposed to levy a fixed stamp duty of Rs. 1000/- (Rupees one thousand) on Instruments of "Gift", "Release" and "Settlement" made within the family members i.e., between husband, wife, son, daughter, daughter-in-law and grand children etc, since people have been avoiding registrations due to heavy stamp duty on slab basis.

211. Stamp duty on "Lease" of immovable properties above 30 years is being levied on ad-valorem basis at a rate of 5% on the market value of the property or premium whichever is higher. This is being misused in cases of conveyances in the guise of leases for long periods. It is proposed to plug this leakage by levying stamp duty on such leases on par with conveyance.

212. The details of the above proposals are in Annexure-VIII.

213. To encourage co-operative activities in the State, registration of documents executed by or in favour co-operative societies are exempted under section 38 of the Karnataka Co-operative Societies Act, 1959. It has been observed that, of late some Housing Building Co-operative Societies are misusing this provision. A person who buys property is not given title deed, but is made a shareholder of the society, due to which the Government is losing huge revenue. Therefore it is proposed to amend section 38 of the Co-operative Societies Act, 1959, to make all such instruments compulsorily registerable under section 17(1) of the Registration Act 1903.

214. It is proposed to reduce to the extent of 80% the stamp duty and registration fee on the difference in value payable in respect of document's executed prior to 29.9.1997 by KIADB/KSSIDC/KSIIDC/ KSIDC and APMC, which are pending before Detection of undervaluation authorities, in order to promote industrial activities in the state and to settle all previous cases. This concession will be extended w.e.f. 1.4.2001 to 30.6.2001.

215. In the last year's budget concession was extended from 1.4.2000 to 30.6.2000 to an extent of 30%and20% from 1.7.2000 to 30.9.2000 to encourage early settlement of undervaluation cases presented for registration on or before 16.8.1999. This has given encouraging results and Rs. 105 crores has been collected. It is proposed to extend the same concession of 30% from 1-4-2001 to 30-6-2001 to settle the remaining cases presented for registration on or before 16.8.1999.

216. It is proposed to rationalize fees on registrations of leases - cum -sale -agreements, auction sale agreements and subsequent sale deeds, issue of Encumbrance certificates etc as detailed in the Annexure-IX.

217. A close co-ordination of the department with the financial sector is proposed, by strengthening the enforcement machinery in the department to implement the statute changes brought out to mop up revenue.

218. Stamp duty on conveyance deeds executed by House building Co-operative Societies is being levied on the consideration set forth therein. It is proposed to levy the said duty on the market value of the property.

219. The guidelines of the market value of the properties in the State at present are reviewed once in three years under rule 3 of the Karnataka Stamp (constitution of committees etc.,) Rules 1992. It is proposed to undertake special revisions of the market value of properties, if and when required.

220. The General Powers of attorney at present is not compulsorily registerable under section 17 of the Registration Act, 1908. It is proposed to send a proposal to the Central Government to amend the act to make it compulsorily registerable.

221. The infrastructure additional duty of 5% on stamp duty chargeable on instruments is being collected for funding of Infrastructure Development and Finance Corporation (Karnataka) Ltd under sec. 3B of the Karnataka Stamp Act, 1957. It is proposed to amend the act to the extent that the duty collected would be apportioned between the Infrastructure Development Corporation (Karnataka) Ltd (IDeCK) and BMRTL in the ratio of 67:33 (Sec.3B of the Karnataka Stamp Act). The details are in Annexure-X.

222. The Housing Department has established Rajeev Gandhi Housing Corporation, a state owned company for the implementation of housing programs for economically weaker sections and special occupational categories, both in rural and urban areas except for Indira Avaz Yojana. The company proposes to provide residential facilities with capital investment by Government and loan borrowed from HUDCO. It is proposed to exempt from payment of stamp duty for borrowing funds from HUDCO and mortgage deed's executed in favour of the corporation (A second proviso under Section 9(1) of the Karnataka Stamp Act, 1957 has to be made). The details are in Annexure-X.

223. Department of Registration and Stamps has emerged over the years as the third largest revenue-earning department for the State Government. The department in its own right, having the largest public interface, deserves its due share, proper care and attention to make it most people friendly and service oriented. Government has therefore decided to adequately strengthen the department in more meaningful ways.

MOTOR VEHICLE TAX

224. In order to make the working of Transport Department transparent and efficient, it is proposed to issue 'Smart Optical Card'

based driving licence and registration certificate. This project will be implemented under "BOOT" system without expenditure to the Government.

225. I propose to levy advalorem rate of tax at seven percent of the cost of the vehicle on two-wheeler, motorcars, jeeps, omni buses, private service vehicles having floor area upto five square meters, company owned and imported cars at the time of registration. The objective of the proposed change is to rationalize the tax structure and to have a uniform procedure of taxation.

226. It is proposed to merge the two existing items of tax in respect of tourist vehicles and to withdraw the notification relating to the scheme of Motor Vehicles -All India Permit for Tourist Transport Operators, in order to rationalize the tax structure and to levy uniform rate of tax at Rs 1400/- per seat per quarter. A new taxation clause for campers van will be introduced by substituting the existing clause.

227. It is proposed to enhance the present rate of tax in respect of drilling rigs, goods carriages with rationalization of tax slab. The tax for stage carriages will be marginally enhanced with introduction of separate clause for standing passengers for vehicles operating in city and town limits.

228. It is also proposed to effect similar changes in respect of other state vehicles visiting Karnataka State.

229. The changes proposed are detailed at Annexure-XI. These measures will yield additional revenue of Rs 54 Crores.

REVISED ESTIMATES 2000-2001

230. The Revised Estimates of total receipts are Rs. 19494.76 crores as compared to budget estimates of Rs.19664.76 crores for 2000-2001. The total expenditure is expected to be Rs. 19739.64 crores as per the revised estimates as against the budget estimates of Rs. 20061.06 crores for 2000-2001. After taking into consideration the surplus in the Public Account, the closing deficit for the year is

likely to be Rs. –242.31 crores as against the expected deficit of Rs. –290.70 crores at the time of presentation of 2000-2001 budget.

BUDGET ESTIMATES 2001-2002

231. The total receipts, inclusive of ARM measures shown at Annexure-XII, are expected to be Rs. 23232.81 crores comprising of revenue receipts of Rs. 17328.10 crores, and capital receipts of Rs. 5904.71 crores. The total expenditure is estimated to be Rs. 23276.55 crores, out of which the revenue expenditure will be Rs. 19952.19 crores and capital expenditure will be Rs. 3324.36 crores.

232. Apart from the major tax revenues which have already covered in my speech, the Government expects to raise Rs. 1200 crores from Small Savings, Rs. 738 crores from market borrowings (net), Rs. 437.65 crores from negotiated loans and Rs. 2106.69 crores as total loans from the Central Government.

233. With these estimates, an overall deficit of Rs. –43.74 crores is expected for the year. Taking into account the opening balance of Rs. –242.31 crores the closing balance is estimated to be Rs. –286.05 crores. I hope to cover this deficit through expenditure control and buoyancy of taxes during the year.

234. I now commend the Budget Estimates 2001-2002 for the consideration and approval of the House. The entire budget will be discussed on the floor of the house. The Government will then seek approval of the full budget. I now seek a Vote on Account for a period of four months ending July 31, 2001.

Jai Hind – Jai Karnataka

BUDGET AT

Sl. No.	Item	Budget Estimates 2000-01	Revised Estimates 2000-01	Budget Estimates 2001-02
	Opening Balance	-254.40	2.57	-242.31
A.	**REVENUE ACCOUNT**			
I.	**Receipts**			
	State Taxes	9159.14	9213.78	10851.10
	Share of Central Taxes	2568.28	2568.28	3070.86
	Grants from Central Government	1883.86	1796.90	2102.31
	Non-tax Revenue	1601.37	1332.93	1303.83
	Total-A. I	**15212.65**	**14911.89**	**17328.10**
II.	**Expenditure**			
	Social Services	6378.11	6388.52	6891.23
	Economic Services	4453.57	4400.79	5690.02
	General Services	5786.10	5787.65	6695.44
	Grants-in-aid & Contributions	537.16	509.90	675.50
	Total-A. II	**17154.94**	**17086.86**	**19952.19**
A.	Revenue Account Surplus/Deficit	-1942.29	-2174.97	-2624.09

A GLANCE

Sl. No.	Item	Budget Estimates 2000-01	Revised Estimates 2000-01	Budget Estimates 2001-02
B.	**CAPITAL ACCOUNT**			
I.	**Receipts :**			
	Loans from Government of India	1227.12	1071.55	2106.69
	Open Market Loans (Net)	825.18	825.18	738.00
	Loans from LIC, RBI, GIC & NCDC*	1787.14	1563.04	1637.65
	Recoveries of Loans and Advances	164.67	163.10	202.37
	Public Account (Net)	448.00	960.00	1220.00
	Total - B. I	**4452.11**	**4582.87**	**5904.71**
II.	**Disbursements :**			
	Capital Outlay (Net)	1974.54	1788.90	2179.05
	Repayment of Central Loans	420.86	419.42	482.54
	Repayment of Loans to LIC, RBI, GIC and NCDC etc.,	91.18	97.08	136.08
	Disbursement of loans & Advances	419.54	347.38	526.69
	Total - B. II	**2906.12**	**2652.78**	**3324.36**
B.	Capital Account Surplus/Deficit	1545.99	1930.99	2580.35
C.	Overall Surplus/Deficit for the Year	-396.30	-244.88	-43.74
D.	Closing Balance	-650.70	-242.31	-286.05
	Less			
E.	ARM	360.00	0.00	0.00
F.	Overall Surplus/Deficit	-290.70	-242.31	-286.05

(*) includes ARM for BE 2001-02

ANNEXURE-I

(Para 152)

SECTORAL STATE PLAN ALLOCATION DURING 2000-01

Sector	Rs. in Crores	Percentage
A) ECONOMIC SERVICES		
Agricultural & Allied Services	376.07	4.38%
Rural Development	297.21	3.46%
Special Area Programmes (Hyderabad Karnataka Border) Area Development)	220.00	2.56%
Irrigation & Flood Control	2740.27	31.91%
Energy	945.15	11.01%
Industries & Minerals	277.02	3.23%
Transport	791.00	9.21%
Science, Technology & Environment	4.07	0.05%
General Economic Services	175.17	2.04%
B) SOCIAL SERVICES		
Education, Sports, Art & Culture	544.75	6.34%
Health	268.80	3.13%
Water Supply & Sanitation	610.97	7.10%
Housing & Urban Development	877.91	10.22%
Information & Publicity	9.00	0.10%
Welfare of SC's & ST's and Backward Classes	238.98	2.78%
Social Welfare & Nutrition	127.96	1.49%
Labour & Employment	18.80	0.22%
C) GENERAL SERVICES	65.95	0.77%
Total	**8588.28**	**100.00%**

ANNEXURE - II

(Para 171)

SALES TAX

PROPOSED COMPOSITION RATE FOR LOTTERIES

Sl. No.	Type of Draw	Proposed Rate per Draw
1	Weekly draw	Rs. 20,000/-
2	Fortnightly draw	Rs. 60,000/-
3	Monthly draw	Rs.1,00,000/-
4	Special/ Festival Bumper draw	Rs.4,00,000/-

ANNEXURE - III

(Para 175)

SALES TAX

INCREASE IN TAX RATES

Sl. No.	Name of the Commodity	Existing Rate of Tax (%)	Proposed Rate of Tax (%)
1	Arc carbon	10	12
2	i) Audio and Video blank cassettes	10	12
	ii) Audio and Video recorded cassettes	10	12
	iii) Parts and accessories of cassettes	10	12
	iv) Audio and Video Magnetic Tapes	10	12
	v) Head cleaners (all kinds) of audio and video cassette players and recorders and lubricants specially used in electronic goods	10	12
3	Cakes and Biscuits	10	12
4	i) Electrical earthenware and porcelainware.	10	12
	ii) Electrical goods, instruments, apparatus and appliances, including fans, tube lights and parts and accessories.	10	12

Sl. No.	Name of the Commodity	Existing Rate of Tax (%)	Proposed Rate of Tax (%)
5	Films that is to say:		
	i) Photographic films including photographic paper.	4	8
	ii) Cinematographic films.	4	8
	iii) X-ray films.	4	8
6	Ice, Ice fruit, Ice candies and Ice creams of all kinds.	10	12
7	Motor vehicle parts & accessories, that is to say:		
	i) Articles used generally as parts and accessories of motor vehicles but excluding rubber and other tyres, tubes and flaps, batteries and diesel engine and its parts.	10	12
8	Sun glasses, goggles, lenses and frames including attachments, parts and accessories thereof excluding Spectacles.	10	12
9	i) Paints, colours, varnishes, pigments, polishes, indigo, enamel, putty, bale oil, white oil, turpentine (all kinds), thinners and primers light mineral oil, metal polishing compound, patties other than those covered under item below	10	12

Sl. No.	Name of the Commodity	Existing Rate of Tax (%)	Proposed Rate of Tax (%)
	ii) Acrylic paints and colours, plastic emulsion paints and all kinds of lacquers	10	12
10	Sanitary fittings of every description excluding pipes and fittings of stoneware, cement and iron and steel.	10	12
11	Suit cases, brief cases, attache cases and despatch cases including those made of leather but excluding steel trunks.	10	12
12	Tea sold under brand name	10	12
13	Tiles		
	i) Mosaic tiles and chips	10	12
	ii) Ceramic and glazed floor and wall tiles	10	12
	iii) Other tiles not covered by items (i), (ii) and (iii) off sl.no.8 of part T.	10	12
14	Toilet articles (whether medicated or not) that is to say,-		
	i) Perfumes, eaudecologne, solid colognes, beauty boxes, face packs, cleansing liquids, moisturisers, make-up articles (not including talcum powder), complexion rouge, bleaching	12	15

Sl. No.	Name of the Commodity	Existing Rate of Tax (%)	Proposed Rate of Tax (%)
	agents, hair dyes, hair sprayers, hair removers, hair creams, lipsticks, nail polishers and varnishers, polish removers, eye liners, after shave lotion and body deodorants		
	ii) Toilet articles other than those specified at (i) above,	12	15
15	Dry fruits	4	8
16	Imported sugar, sugar preparations, textiles, fabrics and tobacco products.	4	12
17	Pan masala	10	20
18	Coconut oil (branded)	4	15
19	Instant coffee	10	12

ANNEXURE - IV

(Para 176)

SALES TAX

NEW LEVIES

Sl. No.	Name of the Commodity	Existing Rate of Tax (%)	Proposed Rate of Tax (%)
1	Computer software including programming, providing and leasing of computer software	0	4
2	Books other than the books printed /supplied/ prescribed/ written as per the Study syllabus prescribed by Universities, Academies, Government recognized educational Boards and Councils and Government Departments.	0	4
3	Second sale of aerated water.	0	4
4	Aluminium Domestic Utensils	0	2
5	Kerosene stoves	0	2
6	Gum Benzoin	0	4
7	Products of cane/ bamboo excluding furniture.	0	8

ANNEXURE - V

(Para 188)

ENTERTAINMENT TAX

INCREASE IN COMPOSITION RATE OF TAX FOR CABLE T.V. OPERATORS.

Sl. No.	Place	Present Rate of Composition Amount Rs.per month	Proposed Rate of Composition Amount Rs.per month
1.	Bangalore City Corporation Area	Rs.1500/-	Rs.3000/-
2.	City Municipal Corporation (other than Bangalore City Municipal Corporation) and Cantonment Board	Rs.1000/-	Rs.2000/-
3.	Other places with population of		
	(a) more than 25000	Rs.700/-	Rs.1500/-
	(b) 25000 or less.	Rs.300/-	Rs.600/-

ANNEXURE - VI

(Para 189)

PROFESSIONS TAX

LEVY ON NEW PROFESSIONS

Sl. No.	Name of The Profession	Proposed Rate of Tax Rs. Per Year
1	Persons operating mobile telephone service	Rs.2,500
2	Persons providing internet service, running internet cafes, information kiosks	Rs.2,500
3	Persons operating e-commerce business	Rs.2,500
4	Persons operating Air taxi and helicopter services	Rs.2,500
5	Persons running clubs including recreation clubs	Rs.2,500
6	Persons operating Gymnasium	Rs.2,500
7	Persons organizing events, pageants, fashion shows and the like	Rs.2,500

ANNEXURE - VII

(Para 202-204)

Existing and proposed fee

Sl. No.	*Particulars*	*Existing (in Rupees)*	*Proposed (in Rupees)*
1	Fenny distillery licence fee	6,00,000	11,00,000
2	Club licence fee (CL-4) (without lodging facility)	60,000	1,00,000
3	Hotels run by ITDC or KSTDC (CL-14)	8,000	24,000
4	Additional Excise Duty levied on Fenny		
	a. Upto Rs.250	20	62
	b. Rs. 251 to 350	23	70
	c. Rs. 351 to 500	27	85
	d. Rs. 501 to 750	34	105
	e. Rs. 751 to 1000	42	125
	f. Rs.1001 and above	43	130
5	Duty on liquor supplied to Defence		
	a. Local		
	i. Other than Rum	15/- per BL	20/- per BL
	ii. Rum	14/- per BL	20/- per BL
	b. Export		
	i. Other than Rum	1/- per BL	1.50/- per BL
	ii. Rum	0.50 per BL	1.50/- per BL
6	**Label approval fee**		
	i. Liquor bottled in Karnataka	10,000	25,000
	ii. Liquor bottled outside Karnataka	25,000	50,000
7	**Issue fee on rectified spirit**		
	i. for own use and there is no incidence of Sale under clause (a) of Rule 2C	2 per BL	3 per BL
	ii. If imported under Clause (b) of Rule 2C	3 per BL	4 per BL
	iii. If exported under Rule 2D	2.75 per BL	3.50 per BL

ANNEXURE – VIII

(Para 212)

Changes proposed to the schedule of the Karnataka Stamp act, 1957

Sl. No.	Item	Existing			Proposed	
		Article	Description	Rate	Description	Rate
1	2	3	4	5	6	7
1.	Acknowledgement of	1	a) When exceeds Rs.100 but does not exceed Rs.5000	Rs.2	a) Exceeds Rs.100 but does not exceed Rs.5000	Rs.2
			b) When exceeds Rs.5000	Rs.2 Plus two for every Rs.1000 or part thereof	b) When exceeds Rs.5000	Rs.2 subject to a maximum of Rs.1000
2.	Agreement or Memorandum of an Agreement	5(l)	If relating to giving authority or power to a promoter or developer by whatever name called, for construction or, development of, or sale or transfer (in any manner whatsoever) of any immovable property.	4% on the market value of the property subject to a maximum of Rs.4 lakhs	If relating to giving authority or power to a promoter or developer by whatever name called, for construction or, development of, or sale or transfer (in any manner whatsoever) of any immovable property.	5% on the market value of the property

1	2	3	4	5	6	7
3.	Agreement relating to deposit of title deeds, Pawn or pledge	6	1. When the amount of the loan or debt does not exceed Rs.500	Rs.5	1. When the amount of the loan or debt does not exceed Rs.500	Rs.5
			2. When it exceeds Rs.500 but does not exceed Rs.1000	Rs.10	2. When it exceeds Rs.500 but does not exceed Rs.1000	Rs.10
			3. When it exceeds Rs.1000 but does not exceed Rs.5000	Rs.50	3. When it exceeds Rs.1000 but does not exceed Rs.5000	Rs.50
			4. When it exceeds Rs.5000 but does not exceed Rs.10,000	Rs.100	4. When it exceeds Rs.5000 but does not exceed Rs.10,000	Rs.100
			5. When it exceeds Rs.10,000 for every additional Rs.5000 or part thereof in excess of Rs.10,000	Rs.50	5. When it exceeds Rs.10,000 for every additional Rs.5000 or part thereof in excess of Rs.10,000	Rs.50 subject to a maximum of Rs.50,000
4.	Articles of Association of a Company	10	Articles of Association of company where the company has no share capital or nominal share capital or increased share capital.	One thousand Rupees for every rupees five lakh or part thereof.	Articles of Association of company where the company has no share capital or nominal share capital or increased share capital.	Five hundred rupees for every rupees Ten lakhs or part thereof.

1	2	3	4	5	6	7
5.	Conveyance	20(1) (first proviso)	Provided that in respect of any instrument of conveyance effected by the house building Co-operative Scieties, registered under the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959) in so far as it relates to allotment of buildings or sites to their members. The duty shall be payable at the rates specified above on the amount or value of consideratation for such conveyance as set forth in the instrument.	8%, 9% and 10% in respect of agricultural lands, Municipalities and BMRDA respectively	Deleted	8%, 9% and 10% in respect of agricultural lands, Municipalities and BMRDA respectively

1	2	3	4	5	6	7
6.	Gift	28 Clause (b)	Where the donee is a member of the family of the donor		Where the donee is a member of the family of the donor	Rs.1000
			1. Where the market value is less than Rs. 50,000	Rs.500		
			2. Where the market value is Rs.50,000 and above but less than Rs.10 lakhs	2% of the value		
			3. Where the market value is Rs.10 lakhs and above but less than Rs. 20 lakhs	3% of the value		
			4. Where the market value is Rs.20 lakhs and above	5% of the value		
7.	Lease	30(1) (a)(vi)	Where the lease purports to be for a term exceeding thirty years or in perpetuity or does not purport to be for any definite term	5% for an amount equal to market value of the property	Where the lease purports to be for a term exceeding thirty years or in perpetuity or does not purports to be for any definite term	Conveyance rate on an amount equal to the market value of the property

1	2	3	4	5	6	7
		(1)(b)(ii)	Where the lease purports to be for a term exceeding thirty years or in perpetuity or does not purport to be for any definite term	5% on the amount or value of such fine or premium or advance as setforth in the lease or for an amount equal to the market value of the property. Whichever is higher	Where the lease purports to be for a term exceeding thirty years or in perpetuity or doe snot purport to be for any definite term	Convevance rate on the amount or value of such fine or premium or advance as setforth in the lease or for an amount equal to the market value of the property. Whichever is higher
		(1)(c)(ii)	Where the lease purports to be for a term exceeding thirty years or in perpetuity or does not purport to be for any definite term	5% on the amount or value of such fine or premium or advance as setforth in the lease or for an amount equal to the market value of the property. Whichever is higher	Where the lease purports to be for a term exceeding thirty years or in perpetuity or doe snot purport to be for any definite term	Conveyance rate on the amount or value of such fine or premium or advance as setforth in the lease or for an amount equal to the market value of the property. Whichever is higher

1	2	3	4	5	6	7
8.	Release	45 clause (b)	Where the release is between the family members		Where the release is between the family members	Rs. 1000
			1. Where the market value is less than Rs. 50,000	Rs.500		
			2. Where the market value is Rs.50,000 and above but less than Rs.10 lakhs	2% of the value		
			3. Where the market value is Rs.10 lakhs and above but less than Rs. 20 lakhs	3% of the value		
			4. Where the market value is Rs.20 lakhs and above	5% of the value		
9.	Settlement	48A (ii)	Where the disposition is for the purpose of distributing the property of the settler among the family		Where the disposition is for the purpose of distributing the property of the settler among the family	Rs. 1000
			1. Where the market value is less than Rs. 50,000	Rs.500		

1	2	3	4	5	6	7
			2. Where the market value is Rs.50,000 and above but less than Rs.10 lakhs	2% of the value		
			3. Where the market value is Rs.10 lakhs and above but less than Rs. 20 lakhs	3% of the value		
			4. Where the market value is Rs.20 lakhs and above	5% of the value		

ANNEXURE – IX

(Para 216)

Revision proposed under Table of Registration Fees published under section 78 of the Registration Act 1908

Sl. No.	Description of Item of non-tax revenue	Article under which leveied	Existing rates	Rates now proposed
1	2	3	4	5
1.	Lease-cum-Sale Agreement	I (2)	2% Ad-valorem	If full registration fee is collected at the time of presentation of LCSA, the fee for subsequent sale deed is fixed at 2% subject to a maximum of Rs.500 (Rupees five hundred)
2.	Auction Sale Agreement	I(2)	2% Ad-valorem	If full registration fee is collected at the time of presentation of Auction Sale Agreement the fee for subsequent sale deed is fixed at 2% subject to a maximum of Rs.500 (Rupees five hundred)
3.	Mortgage (Deposit of Title Deed)	I (2)	2% Ad-valorem	0.5% subject to maximum of Rs.10,000 (Rupees ten thousand)
4.	For Registration of a will when presented open	VI	Rs.300	Rs.200 (Rupees two hundred)

1	2	3	4		5
5.	Fee of opening sealed cover	IX	Rs.500		Rs.100 (Rupees one hundred)
6.	Fee payable for General Search or Inspection	XII (2)	*For Corp. CMC area*	*Other areas*	
	i) for the first year		Rs.30	Rs.10	Rs.30 (Rupees thirty)
	ii) for every other year		Rs.30	Rs.10	Rs.10 (Rupees ten)
7.	Fees under article XXXII for search or a copy of extract of document or record	XXXII	Rs.25		Rs.5 (Rupees five)

ANNEXURE – X

(Para 221-222)

Sl. No.	Description of Item	Section under which levied	Existing position	Changes now proposed
1	2	3	4	5
1.	Certain instruments chargeable with additional duty.	3B	The additional duty recovered is totally given to the Karnataka Infrastructural Development and Finance Corporation only.	The additional duty is to be distributed in the ratio of 67:33, between infrastructure Development Corporation (Karnataka) Limited, and BMRTL respectively.
2.	Power to reduce remit or compound duties.	9	Stamp duty is not exempted for mortgages executed by or in favour of Rajeev Gandhi Housing Corporation.	Stamp duty is exempted for mortgages executed by or in favour of the corporation.

ANNEXURE - XI
(Para 224 to 229)

Sl. No.	Item No.	Class of Vehicle	Existing Rate of	Sl. No.	Item No.	Proposed Class of Vehicle	Proposed Rate of Tax for every quarter
1	3	Goods Vehicles including mobile canteen, mobile library van, mobile workshop, mobile clinic, X-Ray van, Cash van, Camper van (Camper van used for hire or reward).		1	3	Goods Vehicles including mobile canteen, mobile library van, mobile workshop, mobile clinic, X-Ray van, Cash van	
		(1) Vehicles in weight laden:-				(1) Vehicles in weight laden:-	
		(a) X X X				(a) X X X	
		(b) Exceeding 1000 kgs. But not exceeding 3000 kgs.	600-00			(b) Exceeding 1000 kgs. but not exceeding 3000 kgs.	800-00
		(c) Exceeding 3000 kgs. But not exceeding 5500 kgs.	1000-00			(c) Exceeding 3000 kgs. but not exceeding 5500 kgs.	1200-00
		(d) Exceeding 5500 kgs. But not exceeding 9000 kgs.	1400-00			(d) X X X	
		(e) Exceeding 9000 kgs. But not exceeding 12000 kgs.	1800-00			(e) Exceeding 5500 kgs. but not exceeding 12000 kgs.	1800-00
		(f) Exceeding 12000 kgs. But not exceeding 15000 kgs.	2000-00			(f) Exceeding 12000 kgs. but not exceeding 15000 kgs.	2200-00

1	2	3	4	5	6	7	8
		(g) Exceeding 15000 kgs. Plus 75-00 for every 250 kgs. or part Thereof in excess of 15000 kgs.	2000-00			(g) Exceeding 15000 kgs. Plus 75-00 for every 250 kgs. or part thereof in excess of 15000 kgs.	2200-00
2	4	Motor Vehicles other than those mentioned in items 5,6,7,8 and 9 plying for hire and used for transport of passengers and in respect of which permits have been issued under Motor Vehicles Act 1988:-		2	4	Motor Vehicles other than those mentioned in items 5,6,7,8 and 9 plying for hire and used for transport of passengers and in respect of which permits have been issued under Motor Vehicles Act 1988:-	
	(2)	Vehicles permitted to carry more than 12 passengers (other than the driver and conductor) and plying exclusively on routes within the limits of cities and towns notified by the Government, for every passenger which the vehicle is permitted tocarry.-	275-00		(2)	a) Vehicles permitted to carry more than 12 passengers (other than the driver and conductor) and plying exclusively on routes within the limits of cities and towns notified by the Government, for every passenger which the vehicle is permitted to carry.-	300-00

1	2	3	4	5	6	7	8
						b) for every standing passenger which the vehicle is permitted to carry	100-00
		(3) Vehicles permitted to carry more than 12 passengers (other than the driver and conductor),				(3) Vehicles permitted to carry more than 12 passengers (other than the driver and conductor),	
		(a) for every passenger which the is permitted to carry	450-00			(a) for every passenger which the is permitted to carry	475-00
		(b) for every standing passenger which the vehicle is permitted to carry	100-00			(b) for every standing passenger which the vehicle is permitted to carry	100-00
3	6	Motor Vehicles (Luxury buses) plying for hire or reward constructed or adapted to carry more than 12 passengers (excluding the driver and conductor / attendant and		3	6	Motor Vehicles (Luxury buses) plying for hire or reward constructed or adapted to carry more than 12 passengers and complying with Rule 128 of Central Motor Vehicle Rules	

1	2	3	4	5	6	7	8
		complying with Rule 128 of Central Motor Vehicle Rules 1989 or otherwise for every passenger	1400-00			1989 or Motor Vehicles with permits granted under the Motor Vehicles (All India Permit for Tourist - Transport Operators) Rules 1993, plying for hire or reward permitted to carry more than twelve passengers excluding Driver and Conductor or Attendant for every passenger	1400-00
4	7	(a). X X X		4		Item (b) shall be omitted.	
		(b). Motor Vehicles with permits granted under the Motor Vehicles (All India Permit for Tourist - Transport Operators) Rules 1993, plying for hire or reward permitted to carry more than twelve passengers excluding Driver and Conductor or Attendant) for every passenger	1200-00				

1	2	3	4	5	6	7	8
5		Existing Nil		5	7	Campers van used for hire or reward based on floor area, for every square meter	2000-00
6	11	Motor vehicles registered as Cranes, Mobile Cranes, Tower Wagons, Tree trimming vehicles, Fork lifts, Tractor fitted with air compressor or Generator for every 1000 kgs. or part thereof in weight unladen	200-00	6	11	Motor vehicles registered as Cranes, Mobile Cranes, Tower Wagons, Tree trimming vehicles, Forklifts, vehicles fitted with air compressor or Generator for every 1000 kgs. Or part thereof in weight unladen	200-00
7	13	Goods vehicles mounted with drilling rigs or mounted with air-compressor with drilling rig unit	750-00	7	13	Goods vehicles mounted with drilling rigs or mounted with air-compressor with drilling rig unit	3000-00
8	14	(1) Motor cars owned by companies in weight unladen;		8	14	Item 14 shall be omitted	
		(a) Not exceeding 1500 kgs.	1500-00				
		(b) exceeding 1500 kgs.	1680-00				

1	2	3	4	5	6	7	8
		(c) additional tax payable in respect of such vehicles used for drawing trailers	50-00				
9	15	Imported cars of the year 1985 and later models manufactured or assembled outside India and owned by the persons other than the companies in weight unladen:-		9	15	Item 15 shall be omitted.	
		(a) Not exceeding 1500 kgs.	1500-00				
		(b) exceeding 1500 kgs.	1680-00				
		(c) additional tax payable in respect of such vehicles used for drawing trailers	50-00				
10	16	(1). Campers van and motor vehicles other than those liable to tax under the foregoing provisions of this schedule, in weight unladen:-		10	16	(1). Campers van not used for hire or reward and motor vehicles other than those liable to tax under the foregoing provisions of this schedule, in weight unladen:-	

"PART - A1"
(SEE SECTION 3(1))
Existing Rate of tax

Item No.	Class of vehicles	Vehicles not exceeding 75 cc	Vehicles exceeding 75 cc but not exceeding 300 cc	Vehicles exceeding 300 cc or Motor Cycles attached with side car or trailer
A.	At the time of Registration of new vehicles:	1100-00	2500-00	3500-00

Remaining items of the table is unaltered.

"PART - A1"
(SEE SECTION 3(1))
proposed Rate of tax

Item No.	Class of vehicles	Vehicles not exceeding 75 cc	Vehicles exceeding 75 cc but not exceeding 300 cc	Vehicles exceeding 300 cc or Motor Cycles attached with side car or trailer
A.	At the time of Registration of new vehicles	1100-00 or 7% of the cost whichever is higher.	2500-00 or 7% of the cost whichever is higher.	3500-00 or 7% of the cost whichever is higher

Remaining items of the table is unaltered except note.

Note :-

1) In respect of vehicles for which the life time tax due prior to the first day of April 2001 is due but has not been paid, such tax shall be collected at the rates existing prior to the first day April 2001.
2) The Rates specified in this part shall not apply to vehicles owned by Central Government Employees and Defence personnel.

EXISTING RATE OF TAX

PART A5

(See Section 3(1))

LIFE TIME TAX FOR MOTOR CARS, JEEPS, OMNIBUSES AND PRIVATE SERVICE VEHICLES.

Item No.	Class of Vehicles	Motorcars and Jeeps not Exceeding 800 CC	Motorcars and Jeeps Exceeding 800 CC but not Exceeding 1500CC	Motorcars and Jeeps Exceeding 1500 CC above or Attached with Trailer	Motorcars and Jeeps Cost of which exceeds Rs. Six Lakhs	Omni buses and Private service Vehicles having Floor Area upto 4SQ. Mtrs.	Omni buses and Private service Vehicles Exceeding Floor Area 4SQ. Mtrs. not exceeding 5 Sq. Mts.
1	2	3	4	5	6	7	8
A.	At the time of Registration of new vehicle	12000.00	18000.00	24000.00	45000.00	30000.00	36000.00

Remaining items of the table is unaltered

PROPOSED RATE OF TAX

PART A5

(See Section 3(1))

LIFE TIME TAX FOR MOTOR CARS, JEEPS, OMNIBUSES AND PRIVATE SERVICE VEHICLES.

Item No.	Class of Vehicles	Motorcars and Jeeps not Exceeding 800 CC	Motorcars and Jeeps Exceeding 800 CC but not Exceeding 1500CC	Motorcars and Jeeps Exceeding 1500 CC above or Attached with Trailer	Motorcars and Jeeps Cost of which exceeds Rs. Six Lakhs	Omni buses and Private service Vehciles having Floor Area upto 4SQ. Mtrs.	Omni buses and Private service Vehciles Exeeding Floor Area 4SQ. Mtrs. not exeeding 5 Sq. Mts.
1	2	3	4	5	6	7	8
A.	At the time of Registration of new vehicle	12000.00 or 7% of the cost whichever is higher	18000.00 or 7% of the cost whichever is higher	24000.00 or 7% of the cost whichever is higher	45000.00 or 7% of the cost whichever is higher	30000.00 or 7% of the cost whichever is higher	36000.00 or 7% of the cost whichever is higher

Remaining items of the table is unaltered excepted note.

Note : 1) In respect of vehicles for which the lifetime tax and floor area tax due prior to first day of April 2001 is due but has not been paid; Such tax shall be collected at the rates existing prior to the first day of April 2001.

2) The rates specified in this part shall not apply to vehicles owned by Central Government employeesand Defence Personnel .

PART _B
(SEE SECTION 3 (2)

Existing Rate of Tax					Proposed Rate of Tax			
Sl. NO.	Item	Class of Vehicle	for period not Exceeding 7 days at a time	for period exceeding 7 days but not exceeding 31 days	Sl. No.	Item	Class of Vehicle	for period Not Exceeding 7 days at time	for period exceeding 7days but not exceeding 31days
1	3(1).	Goods Vehicles including mobile canteen, mobile-library van, mobile workshop, mobile clinic, library van, X-Ray van, cash van, camper van (camper van use for hire or reward) Vehicles in weight laden:-			1	3(1).	Goods Vehicles including mobile canteen, mobile-library van, mobile workshop, mobile clinic, library van, X-Ray van, cash van, Vehicles in weight laden:-		
2	6.	Motor Vehicles (Luxury buses) plying for hire or reward constructed or adapted to carry more than twelve passenger (excluding Driver and Conducter/ Attendent) of and complying rule 128 of Central Motor Vehicle Rules, 1989 or otherwise	200-00	400-00	2	6.	Motor Vehicles (Luxury buses) plying for hire or reward constructed or adapted to carry more than twelve passenger (excluding Driver and conductor/ attendant) of and complying rule 128 of Central Motor Vehicle Rules, 1989 or otherwise	300-00	600-00

1	2	3	4	5	6	7	8	9	10
3	7.	Motor Vehicles plying for hire or reward used for transport of passengers in respect of which permits have been issued under Section 88(9) of the Motor Vehicles Act, 1988 and permitted to cary more than twelve passengers (excluding the driver and attendant or condoctor) for every passenger which the vehicle is permitted to carry	300-00	600-00	3	7.	Campers van/Sleeper Coach used for hire or reward based on floor area, for every square meter	400-00	800-00
4	13.	Goods vehicles mounted with drilling rigs or mounted with air compressor or mounted with air compressor with drilling rig unit.	250-00	500-00	4	13.	Goods vehicles mounted with drilling rigs or mounted with air compressor or mounted with air compressor with drilling rig unit.	500-00	1000-00
5	16(1).	Motor cars, campers van not used for hire or reward and motor vehicles other than those liable to tax			5	16(1).	Motor cars, campers van not used for hire or reward and motor vehicles other than those liable to tax under		

1	2	3	4	5	6	7	8	9	10
		under the foregoing provisions of this schedule, inweight unladen :-					theforegoing provisions of this schedule, inweight unladen:-		
6	17	Motor vehicles registered as Cranes, Mobile cranes, Tower Wagons, Tree trimming vehicles, Fork lifts, Tractor fitted with air compressor or Generator for every 1000 kgs. or part thereof in weight unladen			6	17	Motor vehicles registered as Cranes, Mobile cranes, Tower Wagons, Tree trimming vehicles, Fork lifts, vehicle fitted with air compressor or Generator for every 1000 kgs. or part thereof in weight unladen		

Explanation :-

8. For the purpose of part "A5" the cost of the vehicle means a price of the vehicle inclusive of all taxes levied by Government from time to time.

Explanation-

8. Cost of Vehicle in relation to
   a) A Vehicle manufactured in India means cost of the vehicle as per the purchase invoice issued either by the manufacturer or dealer of the vehicle and will include the manufacturing cost, excise duty, sales tax and surcharge or cess as payable in the State of Karnataka and
   b) A Vehicle imported into India irrespective of its place of manufactures means cost as per the landed value of the vehicle consisting of the assessable value under the Customs Act, 1962 and the customs duty paid thereupon including additional duty paid if any, as endorsed in the bill of entry by the Customs Department.

ANNEXURE-XII

(Para 231)

ADDITIONAL RESOURCES MOBILISATION MEASURES

FOR

2001-2002

(Rs. in Crores)

Item			ARM
1. Commercial Taxes	...	...	125.00
2. Excise	...	...	10.00
3. Motor Vehicle Tax	...	...	54.00
4. Stamps & Registration	...	...	95.00
	Total	...	**284.00**